

## **Chapter 40**

### **Disbursing Operational Procedures**

#### **Section I**

##### **Introduction**

##### **40-1. Purpose**

This chapter provides disbursing procedures and guidance to assist in implementation of the disbursing policies and procedures in the DoD 7000.14-R, Financial Management Regulation (DoDFMR), Volume 5, Disbursing Policy and Procedures. It is applicable to Defense Finance and Accounting Service-Indianapolis Center (DFAS-IN)-affiliated disbursing activities, and those of the U.S. Army, the Army National Guard (ARNG), the U.S. Army Reserve (USAR), the U.S. Army Corps of Engineers civil works function, and all other activities performing disbursing functions for the Department of the Army (DA).

##### **40-2. Responsibilities**

a. The DoD Comptroller, through the Director, Defense Finance and Accounting Service (DFAS), sets policy and establishes disbursing procedures. The policy and procedures are promulgated in DoDFMR, Volume 5.

b. The Director, Defense Finance and Accounting Service-Indianapolis Center (DFAS-IN) ensures that all disbursing activities under the cognizance of DFAS-IN comply with the provisions of DoDFMR, Volume 5.

c. Major Army command (MACOM) commanders and installation Directors of Resource Management (DRM) ensure that disbursing officers (DOs) in their commands comply with the provisions of DoDFMR, Volume 5. For purposes of this chapter, the MACOM equivalent for DFAS-IN-affiliated DAOs is the Director for Consolidation, DFAS-IN.

d. DOs ensure that their disbursing activities comply with the provisions of DoDFMR, Volume 5.

#### **Section II**

##### **Establishing a Disbursing Office**

##### **40-3. Request for Establishment**

See DoDFMR, Volume 5. Send requests through the MACOM to the Director, DFAS-IN, ATTN: DFAS-IN/AM, Indianapolis, IN 46249-2201.

##### **40-4. Bankruptcy Action Officer**

Each DO appoints, on orders, a bankruptcy action officer. The DO may personally assume this duty or appoint a responsible civilian or military person. Rescind the appointment when the DO is relieved of duties. Give each bankruptcy action officer a copy of the DO's Bankruptcy Procedural Guidelines for Non-business Cases.

## **Section III**

### **Disbursing Officers and Deputies**

##### **40-5. Appointment**

a. See DoDFMR, Volume 5.

b. Disbursing officers.

(1) Branch code 44.A MACOM commander or Army Staff agency head may appoint an officer with branch code 44. They may delegate this authority to installation and activity commanders. Send notification of appointment to the Director, DFAS-IN, ATTN: DFAS-IN/AM, Indianapolis, IN 46249-2201, accompanied by TFS Forms 3023 (Specimen Signatures) and 5583 (Signature Card).

(2) Civilians and other than branch code 44 officers.

(a) Send a request to appoint a civilian or a non-branch code 44 officer as a DO on to the appropriate MACOM commander or Army Staff agency head for review, positive endorsement, and forwarding to the Director, DFAS-IN, ATTN: DFAS-IN/AM, Indianapolis, IN 46249-2201 for approval before appointment. When approved, the Director, DFAS-IN returns a copy of the request to the re-requesting official and the affected MACOM commander or Army Staff agency head. A DO may not sign Treasury checks until receipt of this approval.

(b) Nominees must meet the training and experience criteria outlined in Table 40-1. These apply only to those functional areas which the DO will supervise. If the nominee is not fully qualified, include with the request:

1. An Individual Development Plan (IDP) listing courses and developmental assignments/details needed by the nominee to make up training/experience deficiencies within 24 months of the date of nomination (Send advice of completion of courses and developmental assignments to DFAS-IN as appropriate.);

2. A statement that travel and per diem funds will be obligated for U.S. Army Soldier Support Institute (USASSI) courses necessary to complete the training requirements; and

(c) For civilians only, nominee's current Job Description (DA Form 374) showing the civilian personnel officer's classification/allocation certification in blocks 11 and 12b and the nominee's SF 50 (Notification of Personnel Action) showing assignment to the position.

c. Deputy DOs.

(1) A DO designates at least one deputy, and must personally sign requests for deputy appointments.

(2) A person whose primary function is either teller (cashier), head teller (head cashier), or check writer may not be appointed as a deputy.

(3) A principal deputy DO's permanent duties are to supervise the full range of functions in the absence of and as the full-time assistant to the DO. Also, a person supervising operations in the DO's absence (Acting DO) must be a deputy. An officer, civilian employee, or non-commissioned officer (NCO) who

supervises a remote activity must meet the same training and experience criteria required for a principal deputy DO.

**(4) Qualifications.**

(a) See paragraph (2)(a) above for appointment of branch code 44 officers, and Non Commissioned Officers (NCOs) (E-7 and above) with MOS 73C, 73D, and 73Z.

(b) Civilians, non-branch code 44 officers, and NCOs other than those identified in (a) above, must meet the training and experience criteria outlined in Table 40-1. These apply only to the functional areas they will supervise. Include in nominations:

1. An IDP listing courses and developmental assignments/details needed by the nominee to correct training/experience deficiencies within 24 months of the date of the request (Send advice of completion of courses developmental assignments to DFAS-IN as appropriate.), and

2. A statement that travel and per diem funds will be obligated for the U.S. Army Soldier Support Institute (USASSI) courses necessary to complete the training requirements.

d. Send appropriate nomination requests to the appropriate MACOM or Army Staff agency head for review, positive endorsement, and forwarding to the Director, DFAS-IN, ATTN: DFAS-IN/AM, Indianapolis, IN 46249-2201 for approval prior to the appointment. Send the nomination to DFAS-IN in an original and 3 copies. TFS Forms 5583 and 3023 must accompany a nomination for a deputy who will sign Treasury checks. When the request has been approved, the Director, DFAS-IN returns a copy of the request directly to the nominating DO and to the affected MACOM commander or Army Staff agency head. A deputy DO may not sign Treasury checks until receipt of this approval.

e. DOs provide deputies with comprehensive written instructions that outline the functions they may perform, and ensure that these instructions are followed. DOs who nominate deputies agree to be and remain liable for all acts performed or to be performed by these deputies.

## **Section IV**

### **Requisition of Disbursing-Unique Supplies**

#### **40-6. Rubber Stamps**

Much time and effort is saved by the use of rubber stamps for notation on official papers, documents, checks, and collection and disbursement vouchers (except for signatures).

#### **40-7. Check-Writing Machines**

Check-writing machines may be used to prepare checks. See also, DoDFMR, Volume 5.

#### **40-8. Check-Signing Equipment**

a. *Requisition of machine* DOs may use a check-signing machine, to be purchased with local funds.

The Director, DFAS-IN furnishes an appropriate signature die on request. The criteria for requisitioning a check-signing machine is a sustained volume of at least 2,000 check issues monthly. A DO issuing fewer checks may request authority to requisition a check-signing machine when time and monetary savings justify the expense. Send the request through command channels to the Director, DFAS-IN, ATTN: DFAS-IN/AM, Indianapolis, IN 46249-2201. Include in the request:

- (1) Volume of checks issued,
- (2) Number of deputies, and
- (3) Other pertinent information.

b. *Machine ink requirements* Use black ink. Consult machine manufacturer for ink specifications, and requisition ink through normal supply channels. If a machine is inked by a ribbon, the manufacturer is the recommended source of supply. Do not use excessively-inked or worn ribbons.

c. *Safekeeping of equipment* The preferred method for safeguarding the check-signing equipment is to place it in a vault. If done, the signature die may remain on the equipment so long as the DO or deputy keeps personal custody of the keys to the machine. If the check-signing equipment is kept and operated outside the vault, the signature die must be removed (when the equipment is not in use) and stored in a safe within the vault.

d. *Accountability.*

(1) *Machines.* The installation accountable property officer is accountable for check-signing machines and auxiliary equipment, except signature dies.

(2) *Signature dies.* The accountable property officer, Account 5-3766, DFAS-IN keeps accountability for all signature dies regardless of where they are located. If a signature die is lost in transit, the DO advises that accountable property officer who initiates a report of survey per AR 735-11 and clears the property records.

(3) *Keys.* Remove the keys to a machine's registering meter before shipping it to the Director, DFAS-IN. Tape them to a card and mail or ship them separately.

## **Section V**

### **Change in Status of Disbursing Officer**

#### **40-9. Termination of Deputy and Cashier Appointments**

DOs terminate appointment of deputies and cashiers upon relief from or reassignment of disbursing duties. Send written advice of termination of deputies (include date) to the Director, DFAS-IN, ATTN: DFAS-IN/FFC, Indianapolis, IN 46249-2301, with copies to the appropriate levels of command or Army Staff agency.

#### **40-10. Clearing DD Forms 1081 (Statement of Agent Officer's Account)**

The predecessor DO clears all DD Forms 1081 before the transfer of accountability to the successor. The successor DO issues new DD Forms 1081.

#### **40-11. Disposition of Blank Checks**

See DoDFMR, Volume 5. Send the advice of transfer of blank Treasury checks by letter detailing inclusive serial numbers of blank checks, date, DSSN, and names and signatures of the transferor and transferee to:

*a. Original and duplicate.* U.S. Department of the Treasury, Financial Management Service, Check Reconciliation Branch, Prince George's Center, 3700 East-West Highway, Hyattsville, MD 20782.

*b. Third copy.* Director, DFAS-IN, ATTN: DFAS-IN/AM, Indianapolis, IN 46249-2201.

*c. Fourth and fifth copies.* Transferor and transferee.

### **Section VI**

#### **Deactivation of a Disbursing Office**

#### **40-12. Action by MACOM Commander**

Immediately notify all interested Services, agencies, commercial concerns, and persons of the deactivation date of any DO and the name and location of the office to which all accounts will be transferred (successor). This authority may be delegated to either the MACOM staff finance and accounting officer or the DO whose office is being deactivated.

#### **40-13. Unfilled Check Requisitions**

Advise DFAS-IN, ATTN: DFAS-IN/AM, Indianapolis, IN 46249-2201, to cancel unfilled requisitions for checks.

#### **40-14. Shipment of Retained Accounts**

Prepare the retained accounts of a DO is to be deactivated for shipment. Transfer the files of a discontinued office to the successor office if required. The successor keeps them separately and disposes of them per AR 25-400-2 (The Modern Army recordkeeping System (MARKS)).

#### **40-15. Disposition of Check-Signing Equipment**

When a DO ceases to disburse or there is no further need for a check-signing machine at the installation, turn the machine in to the installation accountable property officer to clear the property record. Unless the signature die is sent to a new office, send it by registered mail to the Director, DFAS-IN, ATTN: DFAS-IN/AM, Indianapolis, IN 46249-2201, for clearance of the property account.

#### **40-16. Notification of Deactivation**

Send an electronic message on the last day of operations advising of the deactivation to DIR DFAS-IN INDIANAPOLIS IN//DFAS-IN/AM// with copies to appropriate MACOMs or Army Staff agencies. Include in the report:

- a.* DSSN,
- b.* Date of deactivation, and
- c.* Statement of disposition of the retained accounts; i.e., "Deposited all currency, coin, and negotiable instruments (limited depository balance, when applicable) to credit of the U.S. Treasury (date). Retained accounts shipped to (designated office). Station deactivated."

### **Section VII**

#### **Agent Officers**

#### **40-17. Delivery and Return of Funds**

Agents receive funds from and return them to DOs either in person or by:

*a.* Registered first class or registered priority mail, courier, Government conveyance, railway express, contract armored car service, or as cargo via the Air Mobility Command Signature Security Service.

*b. U.S. Postal money order.* Prepare an SF 1034 (Public Voucher for Purchases and Services Other than Personal) charging local operations and maintenance (O&M) funds for the cost of the money order. Footnote the voucher to the effect that it is for a money order fee in conjunction with a return of funds to the DO. Include the amount, number, and date of the money order on the SF 1034, and attach the receipt for the money order to the SF 1034.

*c. Cashier's check.* Use a cashier's check drawn on a financial institution insured by the Federal Deposit Insurance Corporation. Prepare an SF 1034 for the cost of the cashier's check as in *b*, above.

*d. Depositing the funds with the US Treasury in a designated depository.* See DoDFMR, Volume 5.

#### **40-18. Witnessing Officers**

Agents appointed to make payment of pay and allowances may not act as witnessing officers to such payments.

#### **40-19. Forward Support Teams (FST)**

FSTs are integral parts of the finance structure. Policies and procedures established for agent offices also apply to FSTs.

#### **40-20. Agent Office**

*a. Jurisdiction.* The MACOM commander of the installation requesting the establishment of the agent office decides whether or not to establish the requested office.

*b. Organization.* Organize an agent office similar to a non-integrated finance office (FO). The number and types of personnel assigned varies with the volume and nature of payments to be made.

*c. Inspection.* Parent DOs or their deputies inspect subordinate agent offices at least annually. If it is impractical for the parent DO or deputy to perform these inspections personally, arrange for someone from another installation to perform them. Send the

original report of inspection through command channels to the agent's installation commander. Keep a copy in the parent DO.

*d. Necessity.* A temporary reduction in the number of personnel serviced by an agent office does not require the closing of the office. However, make periodic checks to ensure a continuing need for the office. Do not establish one if it will result in delayed payments or otherwise complicate the business to be handled.

*e. Termination of authority to hold cash at personal risk.* When an agent office is closed, cancel its cash holding authority.

#### **40-21. Instructions to Agents**

Parent DOs provide agents oral and written instructions covering all phases of the agent's activities. Also, DOs:

*a.* Ensure that the authority for the agent's cash holding authority is in place;

*b.* Authorize agents to use all available payment means, including cashiers;

*c.* Authorize agents to compute and pay vouchers when qualified personnel are available; and

*d.* Instruct agents in their duties, to include numbering the disbursement and collection vouchers they process.

#### **40-22. Payments**

*a. Accounting for payments.* Agents make payments and account for funds under the same regulatory provisions governing DOs, and any directives issued by them.

*b. Notation on vouchers.* Agents annotate vouchers they compute and pay by stamping or typing on their face (not in the brief block), a statement such as "Computed and paid by K. D. Andrea, CPT, FC, Agent for K. S. Alex, LTC, FC, Finance and Accounting Officer." If payment only is made by the agent, modify the statement accordingly, such as "Paid by ...."

#### **40-23. Collections**

Send receipts for cash and collection documents to the DO with the next return. Issue receipts for collections only if the DO is authorized to issue a receipt. Issue receipts for cash and collection documents in the name of the DO substantially as follows: (typed name of DO, grade, and branch of Service) by (signature, grade, and branch of Service), Agent.

#### **40-24. Returns**

*a. Frequency of returns.* Make returns as of close of business on the 20th calendar day of each month and at other times the DO directs. When possible, return regular monthly military payrolls by the 10th calendar day of the month following the pay period covered by the payroll. Also, submit all funds and vouchers with a final return to the DO within 3

calendar days after an agent's relief from duty. Report failure to make returns promptly to the agent's commander.

*b. Documentation.* Prepare DD Form 1081 and use it to return cash and paid vouchers to the DO (DoDFMR, Volume 5, Figure 3-2). Attach:

(1) For cash collections, the original and third copy of DD Form 634 (Receipt for Miscellaneous Collections);

(2) For funds accruing from sales, the original and two signed copies of DD Form 707 (Report of Deposits) or DD Form 1131 (Cash Collection Voucher (CCV));

(3) For all other collections for which no form has been specifically provided, the original and two signed copies of the CCV;

(4) SF 215 (Deposit Ticket);

(5) The original and duplicate (minimum) of each disbursement voucher (When returns include vouchers paid by cashiers, attach the original of the DD Form 1081 signed by the cashier "ON ADVANCE" and the duplicate of the DD Form 1081 given to the cashier "ON RETURN" to the duplicate of the paid vouchers to provide the DO with complete information relative to the payment.); and

(6) Check issue listing.

*c. Transmittal letters (TLs).* Prepare a TL in three copies for all paid disbursement and collection vouchers, providing the description, amount, and date of each transaction. Include with the TL a copy of the register of Treasury check issues. Total the TL, verify it with the totals for each type of transaction as shown on the Daily Agent Accountability Summary (DD Form 2665) and send it, supported by the vouchers, in duplicate to the DO when making the return. The DO assigns disbursement and collection voucher numbers to both copies of the TL and returns the duplicate to the agent to provide a permanent record of disbursement and collection vouchers for which the agent is accountable.

*d. Acknowledging a return.* The DO verifies and signs the DD Form 1081 and sends a signed copy to the agent (DoDFMR, Volume 5, Figure 3-2) who files it with the "ON ADVANCE" copy of the DD Form 1081.

#### **40-25. Clearing the Agent's Return**

*a. Voucher examination.* The DO examines vouchers received from agents, takes those that are correct into the accounts, and allows credit in the agents' accounts. Note the errors and procedures to be followed to make corrections on those incorrectly stated, improperly receipted, erroneously paid, or lacking supporting papers, and return them unless they can be validated. Doubtful vouchers may be accepted and credit allowed in the agents' accounts, subject to audit.

*b. Returned vouchers.* The DO returns incorrect or doubtful vouchers to the agent either by initiating a

new DD Form 1081, or by including them on the next DD Form 1081 advancing funds.

*c. Vouchers returned due to missing payee's signatures.* Account for vouchers returned to agents due to missing payees' signatures as physical losses of funds.

#### **40-26. Advancing Funds Through Agents**

*a. Transfers between agents* A DO may use an established agent to expedite advancing funds to another agent. In such cases, the advancing agent prepares a DD Form 1081 in three copies in the name of the parent DO, indicating the amount of the advance. Check all copies "ON ADVANCE." Both agents sign all copies. Send the original to the parent DO who will decrease the accountability of the advancing agent and increase that of the receiving one. The advancing agent decreases line 1 of the next DD Form 1081 submitted by the amount of the advance.

*b. Advances to cashiers* Agents may make advances to cashiers, who are appointed as cashiers of the parent DO, for purposes prescribed in Section VIII. In such cases, prepare DD Form 1081 in three copies in the name of the DO indicating the amount of the advance. The cashier verifies that the cash received is the amount stated on the DD Form 1081. Check all copies "ON ADVANCE." Both agent and cashier sign all copies. The agent gives copy 3 to the cashier and keeps the others for the return. Show the return on the original and duplicate of the "ON ADVANCE" DD Form 1081; both officers sign as "ON RETURN." Where such advances are of a temporary nature, the forms need not be sent to the parent DO, but may be destroyed after the purpose for which the advance was made is completed. In cases of losses of funds, prepare the form indicating on line 11, "Loss of funds," and the amount of the loss. Send one copy to the parent DO to establish the loss of funds.

#### **40-27. Disposition of Records**

*a. Documentation of accountability* Keep documents which make up the agent's accountability per AR 25-400-2.

*b. Deactivation of agent office* When the agent office is deactivated, send all records to the parent DO for appropriate disposition.

#### **40-28. Agent Officers Being Transferred**

Each DO and agent develops a local policy for ensuring that cashiers transferring to new stations clear their DD Forms 1081 before departing. Prepare DD Form 1081 per DoDFMR, Volume 5.

### **Section VIII Cashiers**

#### **40-29. Use of Cashiers**

*a. Cashiers may not act as ordering officers while appointed as a cashiers.*

*b. US Army Criminal Investigation Command warrant officers serving as special agents who are also cashiers may be advanced funds for purposes of flash operations. No expenditures may be made from these funds. See AR 195-4 (Use of Contingency Limitation .0015 Funds for Criminal Investigative Activities) and AR 37-47 (Contingency Funds of the Secretary of the Army).*

#### **40-30. Advancing Funds**

*Advances to cashiers on mobilization* A DO advancing funds to cashiers knowing that the funds will be returned at other DOs prepares an additional copy of each DD Form 1081 and mail them to those DOs, if known. Use this copy to clear the cashier's return. Cashiers appointed for this purpose must limit disbursements to those required for mobilization.

#### **40-31. Funds Entrusted**

Except in cases of authorized absence of the DO, funds in nominal amounts, not to exceed one day's estimated requirements, may be entrusted to cashiers to make disbursements on proper vouchers, cash negotiable instruments, and exchange foreign currency for US dollars. DOs determine amounts cashiers may retain overnight. This includes cashiers who balance before the close of a calendar day. The DO establishes these ceilings in writing and keeps them as a matter of record in the disbursing division. Only the DO or a deputy DO may advance funds to a cashier. DOs, deputies, and cashiers exchange signed receipts for all advances or returns of cash, paid vouchers, negotiable instruments, and money account papers, and verify all funds received in the presence of the presenter.

#### **40-32. Identification of Payees**

Make payment directly to the payee named on a disbursement voucher if proper identification (ID) is furnished. (Payments may be made to holders of powers of attorney identified in Section XIII.) Proper ID is a military or Government civilian ID card. In the absence of either, another current piece of ID that contains the payee's picture, SSN, signature, and expiration date is acceptable. Also, a commissioned officer of the payee's organization or some other person specifically authorized in writing by the payee's commander to perform this function may make the identification. A third party making the identification signs the retained copy of the voucher. In all other cases the DO personally approves the sufficiency of the identification.

#### **40-33. Cash Collections and Disbursements**

*a. Documents to be marked* Cashiers initial the original and retained copies of disbursement and collection vouchers, and if authorized to cash negotiable instruments, the negotiable instruments.

*b. Paying.* Cashiers count the money at least twice before making payment, once when taking the money from the cash drawer and again before paying the payee.

#### **40-34. Receipts for Funds Received**

Cashiers verify amounts turned in by actual count, compare them with the amounts on the various forms accompanying the funds, prepare new adding machine tapes rather than using those prepared by depositors, and issue receipts signed by the DO or deputy.

#### **40-35. Settlement with Disbursing Officer**

Daily settlements are required with the DO or deputy DO. Cashiers use DD Form 2665 (Daily Agent Accountability Summary), and DD Form 1081 to summarize and report daily cash transactions. Each cashier records separately the amount of collections received in cash and by check. When the DO is absent for more than 1 day and has no deputy due to unavailability of qualified personnel, perform the settlement when the DO returns. Settlements include the DO counting all cash, paid vouchers, collection vouchers, negotiable instruments, vault returns, and travelers' checks held by the cashier. Keep a detailed record of all such settlements. Reconcile cash received and disbursed by the cashier, together with any large transactions necessarily handled by the DO or deputy, daily with the amounts shown in DD Form 2657 (Daily Statement of Accountability).

#### **40-36. Returns**

##### *a. Frequency of returns.*

(1) A cashier appointed only to make payments attempts to return funds and paid vouchers within 24 hours after completion of the specified payments. Report failure to make returns within a reasonable period after completion of payments to the cashier's commander.

(2) A cashier appointed only to cash negotiable instruments and make foreign currency conversions may hold the cash advanced for the period of time necessary to accomplish the mission effectively. Send negotiable instruments totaling \$1,000 or more to the DO immediately; but send all negotiable instruments to the DO every Friday regardless of amount.

*b. Method of making returns* Cashiers return funds in person or by one of the methods described in paragraph 40-17.

(1) The DO or agent completes the original and duplicate of the "ON ADVANCE" DD Form 1081 (DoDFMR, Volume 5, Figure 3-1) to effect the return.

(2) The cashier making the return receives the original "ON RETURN" DD Form 1081 (DoDFMR, Volume 5, Figure 3-2) after signature by the DO or agent. The DO or agent keeps the duplicate as a record of the entire transaction until funds are accounted for. Copy 3 may be destroyed.

##### *c. Making the return to another DO.*

(1) When it is not practical to return the funds to the advancing DO, the cashier returns cash, paid vouchers, and signed copy of the "ON ADVANCE" DD Form 1081 to the nearest DO. The cashier also notifies the advancing DO, advising him or her of the date, amount, DSSN, and the name and grade of the receiving DO.

(2) The receiving DO issues a Treasury check to the advancing DO for the amount of the cash returned and mails it, a copy of the DD Form 1081 completed by the cashier, paid vouchers, and/or receipts to the advancing DO. Use DD Form 165 (Shipment of Funds) only if appropriate and only if issuing a Treasury check is not feasible. The advancing DO clears the cashier's account on receipt of the DD Form 1081 and supporting documents.

(3) The advancing DO is responsible for discrepancies in the cashier's account.

#### **40-37. Exchange of Foreign Currency for U.S. Currency**

When it is necessary to appoint a cashier for the specific purpose of exchanging foreign currency for U.S. currency, the installation commander authorizes the DO to advance funds to the cashier for this purpose. The amount of funds advanced will be the minimum amount required and will be approved according to this chapter.

### **Section IX Certifying Officers**

#### **40-38. Appointment of Payment Certifying Officers**

*a. Who may be appointed* Commissioned and warrant officers, NCOs (E-7 and above), and civilians.

*b. Qualifications.* Certifying officers must have:

(1) Background/experience in preparing vouchers, and

(2) Knowledge of the subject area for which he or she will certify vouchers (e.g., military pay, travel).

*c. Appointment orders.* Include in the orders:

(1) The certifying officer's department or organization;

(2) The certifying officer's full name, grade/rank, and SSN;

(3) The types of vouchers the certifying officer may sign;

(4) The duration of the appointment;

(5) The appointing official's and DO's signatures; and

(6) A statement that the certifying officer has the required qualifications.

#### **40-39. Responsibilities**

*a. Appointing officials:*

(1) Appoint payment certifying officers in writing,

- (2) Send DD Forms 577 (Signature Card) for their certifying officers to the servicing DO,
- (3) Notify the DO of certifying officer changes, and
- (4) Make certifying officers available for local training required by the DO.

*b. DOs:*

- (1) Approve payment certifying officer appointments,
- (2) Give certifying officers written and oral instructions covering their responsibilities and duties,
- (3) Establish a quality assurance program to examine certifying officers' procedures,
- (4) Ensure that the disbursing division keeps a file of DD Forms 577, and
- (5) Request new appointment orders when there is a change in DOs.

*c. Payment certifying officers:*

- (1) Obtain the signature block of the DO for whom they will sign,
- (2) Verify the existence and correctness of the facts cited on disbursement vouchers,
- (3) Verify the legality of proposed payments under the appropriation or fund involved,
- (4) Ensure payments are not duplicates, and
- (5) Sign for receipt of written and oral instructions and confirm that they understand the responsibility and liability of payments.

## Section X

### Keeping and Safeguarding Public Funds

#### 40-40. Effective Dates of Acts of Congress

An act takes effect on the date the President signs it, unless it provides otherwise. Payments made in contravention thereof cannot be credited to a DO, even though he or she was serving where he or she could have had no knowledge of its existence. See 22 CG 640. In the absence of any provisions of law making annual appropriations available at an earlier date, they do not become available until October 1 of the fiscal year for which they are appropriated.

#### 40-41. Punitive Provisions

*a. Embezzling or converting money or property of another.* Any US officer or employee who embezzles or converts to their own use the funds or property of another which comes into their possession or under their control may be fined not more than the value of the money and property or imprisoned not more than 10 years, or both. See 18 USC 654.

*b. Insufficient delivery of public funds or property.* Any person having possession of public funds or property used or to be used in the military who with the intent to defraud the United States or any corporation in which the United States has a proprietary interest, or intending to conceal such public funds or property, delivers less than that for which he or she received a receipt will be fined not more than \$10,000, or imprisoned for not more than 10 years, or both. See 18 USC 1023.

*c. Carrying on trade or business with public funds or property.* Any US officer or employee of the U.S. concerned with the collection or disbursement of public funds who carries on any trade or business in the funds, debts, or public property of the United States or of any State will be fined not more than \$3,000, or imprisoned for not more than 1 year, or both. Such a person will be removed from office and not be permitted to hold an office again under the United States. See 18 USC 1901.

*d. Conviction of felony.*

(1) *Authority.* 5 USC 8312 prohibits payment of retired, retirement, or equivalent pay to members or former members of the Army on conviction of a felony under circumstances set forth in (2)(b) below. See 35 CG 302.

(2) *Circumstances when operative*

(a) If a person was granted such pay prior to September 1, 1954, payment may not be made for any period subsequent to a conviction of any of the offenses specified in 5 USC 8312 after August 31, 1954.

(b) If a person is granted such pay after August 31, 1954, payment may not be made for any period subsequent to a conviction of any of the offenses specified in 5 USC 8312, whether such conviction occurred before or after the date of enactment.

#### 40-42. Cash Operations

*a. Approving authority.* The following personnel may approve requests for DOs, agents, central funding officers, and forward support teams (FSTs) to hold specific amounts of cash at personal risk:

- (1) MACOM commanders in charge of installations to which DOs, central funding officers, and agents are permanently assigned (may be delegated to commanders of subordinate MACOMs, finance groups, or theater finance centers);
- (2) Superintendent, U.S. Military Academy;
- (3) DA Staff agency heads in their command capacities; and
- (4) Director, DFAS-IN.

*b. Determination of a commander.*

- (1) U.S. Army. See AR 600-20 (Army command Policy and Procedures).
- (2) Army National Guard. See NGR 10-1 (Organization and Federal Recognition of Army National Guard Units).

*c. Periodic review, verification, and audit of cash funds.*

(1) *Periodic review.* See DoDFMR, Volume 5.

(2) *Audits.* The US Army Audit Agency (USAAA) may, from time to time, make independent, unannounced verifications of cash, and render an opinion as to whether or not it is properly accounted for and procedures being followed are adequate to protect it from loss or misuse. The command's internal review staff may also perform this function.

(3) *Notification to MACOM.* Report any shortages or irregularities promptly to the commander who

approved the authorization to hold cash at personal risk. Also, send the MACOM a copy of any review, verification, or audit which reveals an abuse of the cash holding authority.

*d. Courtesy deposit* DOs make deposits for credit to their own DSSNs only, and account for collections received for credit to other DOs using cross disbursing or transactions for others (TFO) procedures.

*e. Overseas (OCONUS) deposits* In OCONUS areas where designated depositories are not available or mail service to them is inadequate, make deposits to the servicing FRB using an SF 215.

(1) If located in Europe, the Middle East, Africa, the Caribbean, Mexico, or other Latin American countries, send the deposit to the Collection Division, Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10045.

(2) If in Canada, send deposit to The Royal Bank of Canada, 90 Sparks Street, Main Branch, Station B Box 746, Ottawa, Canada.

(3) If in Asia, the South Pacific, or other areas not covered above, send the deposit to Bank of America, NT & SA, Dept. 1005, PO Box 37000, San Francisco, CA 94137.

*f. Nonappropriated funds* Deposit amounts received by DOs payable to the Treasury for payment of claims due nonappropriated fund instrumentalities (NAFIs) for credit to Army deposit fund account 21X6875. Hold them pending receipt of requests for payment from the activity to which the funds are due.

#### **40-43. Dishonored Checks**

##### *a. Service fee*

(1) DOs assess a \$15 service fee on returned dishonored checks not redeemed within 30 days of their due dates. Inform the individual or vendor of the service fee when requesting redemption. Post service fee receipts to accounting classification 21R1099.

(2) If the individual proves that the dishonored check was the result of a bank error, don't assess the service fee. If this occurs after redeeming the check, prepare SF 1081 to transfer the service fee collected from 21R1099 to 21X6875, and refund the service fee to the individual using an SF 1049 (Public Voucher for Refunds) charging 21X6875.

*b. Recoveries by custodian or other installation* A DO receiving a recoupment for a dishonored check prepares a Treasury check payable to the US Treasury for the amount of the recoupment. Send this to the Director, DFAS-IN, ATTN: DFAS-IN/ JFA, Indianapolis, IN 46249-0813. Include the check with a letter of explanation. Treat these as checks for cash.

#### **40-44. Irregularities in Disbursing Officer Accounts**

*a. Recoveries made at installation where loss occurred.*

(1) Before sending the Report of Investigation (ROI) to DFAS-IN:

(a) *Voluntary reimbursement from an individual who admits responsibility for the loss* Process a full or partial recoupment of a loss of funds as indicated in (1) and (2), below as an adjustment to cash on hand.

1. *Cash remittance* Prepare a JV citing the details of the transaction and referencing the JV that established the loss of funds. Post DD Form 2657 accordingly.

2. *Voucher deduction* When an individual voluntarily authorizes reimbursement of the loss by payroll deduction, prepare a check payable to the US Treasury in the amount of the deduction. Send the check and a copy of the voucher to the cash section as the basis for the preparation of JV. Post DD Form 2657 accordingly. Include the check with other amounts to be deposited.

(b) *Cash remittance or voucher deduction from an individual who does not admit responsibility for the loss and/or makes payment under protest*

1. Credit amount involved to deposit fund account 21X6875 pending determination of pecuniary liability.

2. Await further instructions from DFAS-IN.

3. Do not start collection action for losses of funds until the charge has been acted upon by the Secretary of the Army. However, when the loss is the result of fraudulent or wrongful conduct, initiate collection action without waiting for completion of action by the Secretary of the Army.

(2) After sending the ROI to DFAS-IN. If all or a portion of the loss is recovered after sending the ROI to DFAS-IN, credit the amount to deposit fund account 21 X6875 pending instructions from DFAS-IN. Notify DFAS-IN of the following:

(a) Amount of recovery;

(b) Name of individual from whom recovery was made;

(c) Amount of loss;

(d) Name, grade, and DSSN of the DO in whose accounts loss occurred; and

(e) Complete accounting references showing disposition of the amount recovered.

(3) *After determining pecuniary liability.*

(a) *Relief not yet granted to DO* Process a full or partial recoupment of a loss of funds as an adjustment to cash on hand.

1. *Cash remittance* See a.(1)(a)1, above.

2. *Voucher deduction* See a.(1)(a)2, above.

(b) *Relief granted to DO but individual held liable for the loss.* Process a full or partial recoupment of a loss of funds as a collection.

1. *Cash remittance* If a cash remittance is received after relief has been granted, prepare a collection voucher crediting the funds to the appropriation charged on the adjustment voucher received from DFAS-IN. If the appropriation has closed, credit the appropriate account. Include a complete citation to the applicable adjustment voucher on the collection voucher.



2. *Voucher deduction* If recovery is made by deduction from the pay of an individual who has been held liable for the loss, include the information as required in a.(1)(a) above on or as an attachment to the disbursement voucher on which the collection is made.

(4) Recoveries to be reported to DFAS-IN. Advise the Director, DFAS-IN, ATTN: DFAS-IN/GL, Indianapolis, IN 46249-0160 by memorandum of each recovery made. Provide the information itemized in a(2)(a - e), above.

b. *Recoveries made at installation other than where loss occurred* If a soldier held pecuniarily liable for a loss of public funds is paid by a DO different from the one where the loss occurred, DFAS-IN requests collection action and provides instructions regarding disposition of the amount collected. Report recoveries to the Director, DFAS-IN, ATTN: DFAS-IN/GL, Indianapolis, IN 46249-0160.

c. *Unusual cases* If a DO is unable to account for money received as a recovery of a loss of funds per the foregoing instructions, credit it to deposit fund account, 21X6875, Suspense, DA, and promptly request instructions from the Director, DFAS-IN, ATTN: DFAS-IN/GL, Indianapolis, IN 46249-0160, giving a complete description of the circumstances.

#### **40-45. Exchange of Cash for Negotiable Instruments**

a. Sale of Treasury checks for cash

(1) *For transmittal of funds.*

(a) *Authority.* When commercial banking facilities are not available and when the personnel strength is inadequate to justify establishing banking facilities per AR 210-135 (Banks and Credit Unions on Army Installations), the Director, DFAS-IN may authorize DOs to sell Treasury checks for cash to soldiers and civilian employees to send funds to designated payees at addresses furnished by the purchasers. However, if postal facilities are available, don't issue checks unless the amount exceeds \$100 for each check.

(b) *Procedure.* Mail checks directly to payees. Give the remitter a receipt showing the name and address of the payee, amount of the check, name of purchaser, and, if practical, the number of the check to be issued. DD Form 634 is suitable for this purpose. At stations where there is only an agent, send a copy of the receipt with the agent's regular return to the DO for issuance of the check. Keep a register of checks exchanged for cash showing check number, date, amount, and purchaser's and payee's names. Copies of applications for purchase of Treasury checks for cash are acceptable instead of a register if they include the required information.

(2) *For protection of funds* Treasury checks may be issued to:

(a) A DoD service member or civilian when proceeding to or from CONUS,

(b) The custodian of a unit fund when the unit is en route to an OCONUS destination or returning to CONUS,

(c) Separatees when out processing and final payment takes place during periods when banking and postal facilities are closed.

(d) The custodian of a NAFI authorized by AR 215-1 (The Administration of Army Morale, Welfare, and Recreation Activities and Nonappropriated fund Instrumentalities) in exchange for coin and currency when commercial banks or banking facilities are neither available on an installation nor within reasonable access to the NAFI.

1. Local commanders determine when off-post banks are not considered to be reasonably accessible.

2. If postal facilities are available, don't issue checks unless the amount exceeds \$100 for each check.

3. Do not accept negotiable instruments in exchange for Treasury checks.

(3) *Other cases* Treasury checks may be issued to properly designated payees when authorized by other regulations, such as AR 600-8-1 (Army Casualty and Memorial Affairs and Line of Duty Investigations) and AR 930-4 (Army Emergency Relief). Also, banking facilities in especially critical OCONUS areas are authorized to turn in surplus US currency to the nearest Army, Navy, or Air Force accountable DO in exchange for U.S. Treasury checks.

#### **40-46. Surplus US Currency and Coin (OCONUS)**

OCONUS MACOM staff finance and accounting officers examine the monthly Schedule of Foreign Currency Holdings and US Dollars received from the installation DOs (paragraph 40-94) and determine if the amount of US currency on-hand is excess to normal requirements. Send notification of any excess to the Director, DFAS-IN. Installation DOs transfer excess US currency to the central funding officer who holds it pending receipt of disposition instructions from the Director, DFAS-IN.

### **Section XI**

#### **U.S. Treasury Checks**

#### **40-47. Checks Drawn to Obtain Cash**

a. Do not surrender a check drawn for cash until the funds are actually received by the drawer of the check, except as provided below and in DoDFMR, Volume 5.

b. If using an FRB or branch is more advantageous than using a local designated depository, send checks by registered mail to the FRB or branch before actual shipment of funds.

c. Checks may be surrendered in advance to a local designated depository for payroll cash requirements when authorized by the Director, DFAS-IN under conditions outlined in such authority.

#### 40-48. Check Delivery

a. *Persons in bankruptcy* For bankruptcy administration, DFAS-IN is the employer of all DA individuals, both military and civilian. Draw and mail paychecks or portions of individual's pay as directed by DFAS-IN. See Chapter 12 for reporting claims.

b. *Check mailing envelopes.*

(1) *Requisitioning* Requisition check mailing envelopes through regular supply channels. Standard check mailing envelopes listed in DA supply manuals are available. Justify requisitions for nonstandard envelopes.

(2) *Mailing instructions* Print the following mailing instructions on check envelopes:

(a) In the upper left corner: "Department of the Army, (DO return address)" or "Defense Finance and Accounting Service (DO return address)."

(b) In the lower left corner: "To The Postmaster: If the addressee is deceased or has failed to file a regular change of address upon moving, return this letter immediately without recourse to directory service, with the reason for return endorsed thereon."

(3) *Window envelopes.* Ensure that the amounts of checks do not show through the windows of the envelopes.

c. *Preparing checks* The absence of the proper DSSN on a check issued by a DO is sufficient reason for refusing payment, despite the validity of the signature of the issuer of the check. Do not staple notices to payees to checks.

d. *Methods of delivery.*

(1) ARNG and USAR annual training (AT), active duty for training (ADT), and full-time training duty (FTTD) paychecks may be mailed to the individual or to a check delivery agent in care of the ARNG or USAR unit headquarters.

(a) ARNG or USAR unit commanders serve as check delivery agents or, if cash payments also will be involved, the State adjutant general, or Army reserve command (ARCOM) or general officer command (GOCOM) commander, as appropriate, appoints a cashier to the paying DO.

(b) The field DO may give the checks and a list of the check numbers to the check delivery agent, or mail them to him or her in care of the unit headquarters. Under JSS/RC, DFAS-IN mails payee copies of all LESs to the soldiers' mailing addresses, and not to check delivery agents.

(c) The check delivery agent immediately mails the signed receipt to the DO from whom the checks were received and personally delivers the checks to the individual payees at the first drill after receipt. If the first drill is 5 calendar days or more after date of receipt, or if checks are not delivered at that first drill, mail them to the individuals' mailing addresses of record. When a State adjutant general accepts responsibility for delivery of checks initially undelivered because of incorrect mailing addresses, mail the checks in state-furnished envelopes. Mail a copy of the payee's LES with the check. Unit

commanders, state adjutants general, and check delivery agents protect checks in their possession at all times, and return undeliverable checks to the paying DO from which they were received with the reason for non delivery.

(2) Checks covering ROTC subsistence rolls may be mailed to the students or bulk mailed to the professor of military science or his or her assistant (commissioned or warrant officer only) who is appointed as a check delivery agent. Use the procedures in (b), above but return undelivered checks to the DO within 10 calendar days with reasons for non delivery and available forwarding addresses.

(3) If JSS checks are delivered by a cashier, prepare a DD Form 1081 before payday for each cash payroll. State the amount of cash to be entrusted to the cashier on line 2, and show the number of checks and their total dollar amount on line 5a. When the cashier returns the payroll, ensure that:

(a) All checks are properly endorsed,

(b) The cash returned plus the endorsed checks equals the total amount of cash entrusted to the agent, and

(c) Return all unendorsed checks accompanied by a statement from the unit commander of each soldier's status to facilitate proper disposition. All endorsed MID-MO and EOM checks may be held in the DO until the 5th workday of the following month. Prepare a TL listing the undelivered checks, segregated by MID-Month (MID-MO) and end of month (EOM) in check number sequence, and send it to the Director, DFAS-IN, ATTN: DFAS-IN/FJA, Indianapolis, IN 46249-0833. Cite the message number and input date of the credits on the TL. See AR 37-104-3 (Military Pay and Allowances Procedures, Joint Uniform Military Pay System-Army (JUMPS-Army)).

e. *Delivery of checks to addresses outside the United States, its territories, and possessions.*

(1) *Other countries* If a DO believes that conditions in the country to which checks must be mailed would render this method of delivery unsafe, advise the Director, DFAS-IN and request instructions for an alternate method of delivery.

(2) *Mailing Treasury checks to South Korea* Do not mail Treasury checks directly to local addresses in the Republic of Korea. Instead, mail them through Army and Air Force Post Office (APO) or Fleet Post Office (FPO) facilities to US personnel authorized to use these facilities. For other personnel mail them to the US Embassy for delivery to the individual payees. List the checks on a TL showing check number and amount, and each payee's grade and SSN when appropriate. Show each payee's mailing address on the appropriate check.

f. *Single check payable to financial organization.* When one or more checks are being mailed to the same financial organization, the DO consolidates the payments by issuing a single check payable to the

financial organization for the total of the amounts to be credited to the accounts of the individual payees. Send a copy of the remittance record listing so the financial organization gets at least 1 business day, but preferably 2 or 3 business days, before the scheduled payday. Show each payee's SSN, name, account number in the financial organization, and the amount to be credited to the employee's account on the listing. Also show the name and the address of the issuing DO, DSSN, date, check number, and amount of the check. Send the check so the financial organization gets it on the scheduled payday. If a financial organization doesn't receive a check on payday, the DO may mail a recertified check (paragraph 40-49) or initiate a special action that will result in crediting the financial organization through the Federal Reserve System not later than 1 business day after the scheduled payday.

*g. Electronic transfer of funds to a financial organization for nonreceipt of a single salary check*  
If, on being advised by a financial organization that it didn't receive a single salary check, a DO decides to transfer funds through the Federal Reserve System:

(1) Advise the financial organization to credit the accounts of the individuals listed on the remittance record on the pay date shown with the understanding that funds in the amount of the missing check will be credited to the financial organization through the Federal Reserve System on the next business day.

(2) Determine if the financial organization is a member bank of the Federal Reserve System and, if so, with which FRB or branch it keeps its reserve account. If it is not a member bank, obtain the name of its correspondent member bank and the Federal Reserve city where the funds may be placed for credit to the correspondent bank for the account of the financial organization.

(3) Ask the financial organization to send a written statement to the DO advising that the check was not received and, if the check is subsequently received, not to negotiate it but return it to the DO for disposition.

(4) Accomplish electronic transfers to replace lost checks to financial organizations with facsimile equipment. The Treasury Disbursing Center telephone number for use of the facsimile equipment is (202)566-5553. Confirm the information furnished by facsimile equipment by letter to the Treasury Disbursing Center, Box 1920, Washington, DC 20013. Include in the request the:

- (a) The name of DO or deputy, DSSN, and telephone number;
- (b) Amount of the funds to be transferred;
- (c) FRB or branch involved;
- (d) Name of the member bank to receive credit;
- (e) Name of the financial organization to receive credit in its account with the member bank (only if the member receiving credit under (d), above is receiving the funds in its capacity as a correspondent bank of the financial organization); and

(f) Date on which the transfer of funds should be made.

(5) Prepare SF 1184 (Unavailable Check Cancellation) requesting a stop pay action, including the notation "Check mailed to Treasury Disbursing Center on (date)."

(6) Issue a check, payable to the U.S. Treasury for funds paid to (name of financial organization) for the amount of the lost check and send it to the Treasury Disbursing Center, Box 1920, Washington, DC 20013, with a letter asking that it be deposited to clear the charge made to Treasury's account based on the request for transfer of funds (4) above.

*h. Returned allotment checks.*

(1) *CONUS* Send allotment checks returned to CONUS DOs by allottees or allottees to the Director, DFAS-IN, ATTN: DFAS-IN/FJA, Indianapolis, IN 46249-0833 by TL, stating the reason for return (i.e., occupying Government quarters, divorced, deceased, remarried, allotment discontinued, absent without leave, duplicate check received, incorrect amount, incorrect or discharged payee, etc.).

(2) *OCONUS* Send allotment checks returned to OCONUS DOs for Army personnel or family members reassigned to the United States to the correct CONUS address. If a forwarding address is not available, send the checks to the Director, DFAS-IN, ATTN: DFAS-IN/FJA, Indianapolis, IN 46249-0833.

(3) *Mutilated allotment checks* Return mutilated allotment checks to the Director, DFAS-IN, ATTN: DFAS-IN/JFA, Indianapolis, IN 46249-0833, for replacement.

#### **40-49. Recertification of Checks**

*a. Procedures.*

(1) To ensure recertification problems are kept to a minimum, the DOs designate internal organizational elements responsible for the recertification program.

(2) The DO develops and implements local procedures for processing recertification transactions and ensuring personnel are trained in the use of these procedures.

(3) Use check recertification procedures in cases of nonreceipt, lost, stolen, forged, or destroyed checks issued by DOs.

(4) The DO represents the Treasury in assisting claimants when checks are reported as forged.

(5) Give claims for recertified checks priority attention. After determining the check has not been canceled locally or otherwise disposed of, prepare SF 1184.

(6) Except for holder-in-due-course SFs 1184, mail all SFs 1184 to the Director, DFAS-IN, ATTN: DFAS-IN/AM, Indianapolis, IN 46249-2201 or send them via the DCRM (Defense Check Reconciliation Module) daily. DFAS-IN submits SFs 1184 to Treasury via magnetic tape. The local DO sends holder-in-due-course SFs 1184 directly to the Treasury. Mailing or

transmitting SF 1184 information to DFAS-IN does not pertain to DFAS-CO DOs.

(7) Mark original checks returned to the DO (disbursing branch) after SF 1184 has been submitted "NOT NEGOTIABLE" and destroy them. Don't cancel and deposit the checks.

(8) Stations with DCRM capability must use it as the medium to transmit SF 1184 input to DFAS-IN. Mail submissions of SF 1184 input will not be accepted from these stations.

(9) Do not submit an SF 1184 either by mail or DCRM until the check issue information including the check number in question has been sent to the Treasury.

(10) Before a third recertified payment is made to the same payee within a six month period, verify the status of the first two checks. Double negotiation could indicate misrepresentation or fraudulent intent. If the DO suspects such intent, immediately notify the soldier's commander, the civilian employee's immediate supervisor, or the contracting officer in the case of a vendor. Consider investigative and/or disciplinary action in these circumstances.

(11) Process all recertified check transactions using account 21F3880. This account is restricted to recertified check transactions and the return of limited payability credits by the Treasury to DFAS-IN. The accounting and disbursing branches review and reconcile account 21F3880 monthly to ensure accuracy, timeliness of resolving problems, and sufficient supporting documentation. An in-depth review of supporting documentation and accounting procedures will be performed by DFAS-IN Field Quality Assurance personnel during their visits to field DOs.

(12) Accept all credits and chargebacks to account 21F3880 received for TBO processing. However, the Year Month (YMM) portion of the limitation need not be accepted as is. It may be changed manually to reflect the YMM limitation used on the initial SF 1184. Send chargebacks or credits received directly from the Treasury to DFAS-IN, ATTN: DFAS-IN/AAC, Indianapolis, IN 46249-1326. If problems or questions arise, contact DFAS-IN (DFAS-IN/AAC) by telephone, DSN 699-2669/2670 or Commercial (317)542-2669/2670.

(13) The DO receives Part I of the consolidated Expenditure Reporting System, DO Deposit Fund Activity report monthly from DFAS-IN. This report includes outstanding balances in account 21F3880, a consolidation of disbursements and collections processed on the RCS CSCFA302 (DELMAR) report and the amounts accepted on the RCS CSCFA 304 (Fiscal Station Accounting/ Clearance) report. The DO Deposit Fund Activity Report should agree with station records. Clear the 21F3880 account within 90 calendar days. If assistance is required, contact DFAS-IN (DFAS-IN/ AAF) at DSN 699-2618/2620 or Commercial (317) 542-2618/2620.

(14) Disbursement from account 21F3880.1YMM is balanced with the expected TBO credit to 21 F3880.1YMM via the RCS CSCFA-110 (Transmittal of TFO Vouchers) report from DFAS-IN (DFAS-IN/AAC). The accounting branch receives the credit after the disbursing branch receives the Daily Advice of Status (DAS) from the Treasury. Identify open or problem recertified check cases when the Analysis and Reconciliation section reviews the DO deposit account 21 F3880.

(15) The DO ensures that local procedures are in effect to ensure the disbursing and accounting branches are aware of employees who are separating or retiring. Similar procedures require the military pay branch to notify both branches of the impending military transfers or retirements.

(16) The DO collects overpayments resulting from negotiation of an original and recertified checks. After the accounting branch has exhausted all means of collection, they prepare and process a one-sided SF 1081 (Voucher and Schedule of Withdrawals and Credits) to clear the chargeback from 21 F3880.2YMM and reverse the miscellaneous receivable from the accounting records. The disbursing branch prepares a JV to establish a loss of funds, and immediately sends the case to DFAS-IN (DFAS-IN/FYC). Send the loss of funds packet to DFAS-IN, ATTN: DFAS-IN/GL within 90 calendar days from the date the miscellaneous receivable is sent to DFAS-IN (DFAS-IN/FYC). Treat instances in which both original and recertified checks are negotiated as improper payments.

(17) The incumbent DO pursues diligent collection action in all instances of overpayments resulting from negotiation of original and recertified checks, including those involving predecessor DOs. Failure to pursue diligent collection action may be a basis for denying a request for relief from a loss of funds.

(18) These procedures also apply to recertified payments made by DOs based on vouchers citing other than Army funds. Charge recertified payments to 21F3880.1YMM. DFAS-IN (DFAS-IN/ AAC) credits or charges payments associated with cross-disbursements to 21F3880.1YMM or 21F3880.2YMM, as appropriate.

(19) Prepare and maintain a memorandum of conversation, in the claimant's case file anytime the Treasury or the payee is contacted regarding the claim.

*b. Payee request for recertified payment.*

(1) When notified by the payee of nonreceipt, loss, theft, or mutilation of a check, the issuing DO verifies the propriety of the request; ensures the employee or soldier is not pending transfer, transition, or retirement; and makes and keeps a photocopy of the initial payment voucher for future use. If the request is otherwise proper, the DO requires the claimant to submit and sign DA Form 3037 (Statement of Claimant Requesting Stoppage of Payment on Check). A written statement is acceptable from

claimants not having access to DA Form 3037. If a group mailing of checks is lost, prepare individual DA Forms 3037. Claimants report:

(a) Conditions surrounding nonreceipt, loss, theft, or destruction/mutilation of the check;

(b) Whether the check was negotiated by the payee or if it carried a limited endorsement, e.g., "For Deposit Only;"

(c) Present address of claimant; and

(d) Check number, date, and amount, if known.

(2) Before issuing a recertified payment, verify whether the payee has initiated a stop payment request for previously issued checks by querying the Consolidated Return Item Stop Pay System (CRISPS) through Joint Telecommunications System (JTELS) for status of JSS checks, and by referring to the recertified payment register and other locally maintained files for locally-issued checks.

Information that checks have been cashed on either of two previous occasions is a basis for refusing to issue other recertified payments until the status of the most recent (third) check is determined. When processing third or subsequent requests for payees of JSS checks who previously negotiated checks after initiating stop payments:

(a) Include in block 12 of DA Form 3037 an explanation of the circumstances surrounding negotiation of previously-issued check. Also, if the DA Form 3037 is submitted by a soldier, enter an expiration term of service (ETS) or retirement date in this block;

(b) Verify the current mailing address for the recertified check shown in block 13 of DA Form 3037;

(c) Send DA Form 3037 to the Director, DFAS-IN, DFAS-IN/FJFA, Indianapolis, IN 46249-0833 by cover endorsement identifying the claimant as having, on previous occasions, negotiated checks after requesting stop payment action; and

(d) Counsel payee to have future payments sent to a financial institution using electronic funds transfer procedures.

(3) After review, the DO may authorize an immediate payment or delay recertification.

(4) If the payee reports that the check is mutilated, the DO determines if the mutilation is enough to preclude negotiation. If the check number, date, DSSN, or other information is legible and the "pay to the order" line or amount is not legible but still present, the DO may issue a control check.

(5) Distribute DA Form 3037 as follows:

(a) Original: Keep in the disbursing branch to establish a claimant case file. Keep a separate file preferably by the last four digits of the payee's SSN for each case, along with the recertified payment register, to monitor subsequent requests by the same payee for recertified payments. Also, use this file to accumulate documents necessary to support loss of funds submissions to DFAS-IN (DFAS-IN/GL).

Include a photocopy of the initial payment voucher in the file.

(b) Copy 1: to the accounting branch for use in establishing a separate file for each case to accumulate documents to support and monitor deposit fund account 21 F3880.

(c) Copy 2: Claimant.

c. *Daily Advice of Status (DAS)* The Treasury furnishes the DAS to the submitting DO. See Figure 40-1. The DAS shows the same critical information as the SF 1184. It also shows the status message code indicating action taken by the Treasury. See DoDFMR, Volume 5, Table 8-4. The disbursing branch provides the accounting branch with a copy of the DAS for inclusion in the claimant's case file.

(1) If the DAS indicates the check has not been negotiated, the Treasury gives the DO credit on SF 1081 via the RCS CSCFA-110 report generated at DFAS-IN. The DO accepts the TBO and credits account 21 F3880.1YMM to offset the recertified payment that either has been or can be made. The accounting branch date/time stamps the front of the SF 1081 and provides the disbursing branch a photocopy for each person listed. The accounting and disbursing branches file a copy of the SF 1081 in each claimant's case file. The accounting branch monitors receipt of the credit from DFAS-IN (DFAS-IN/AAC). If a TBO credit is not received within 45 days of receipt of the DAS, the accounting branch notifies the disbursing branch, which prepares and submits FMS Form 3864. If the check is never negotiated, the case is closed.

(2) Follow paragraph 40-54 on receipt of a DAS indicating the check has been paid and the DO has issued a recertified payment.

(3) If the Treasury does not confirm receipt of an initial SF 1184 with a DAS in a reasonable period of time (21-30 days), the DO submits a second SF 1184 prepared in the same manner as the first one.

#### **40-50. SF 1034, Public Voucher for Purchases and Services Other Than Personal**

a. *Preparation.* Prepare SF 1034 to support a recertified payment. See DoDFMR, Volume 5, Figure 11-3. Refer to the original voucher number, check number, and accounting classification for the original payment in the block titled "Articles or Services." Number this voucher in the miscellaneous payments (700000) category. Show account 21F3880.1YMM, the installation's operating DO, and fiscal station number. Use the same YMM identifier that was used on the initial SF 1184 even if the SF 1034 is prepared later in the process.

b. *Distribution.*

(1) *Original.* Include with money account papers sent to DFAS-IN as a document supporting line 4.1 of SF 1219 (Statement of Accountability).

(2) *Copy 1.* DO retained accounts.

(3) *Copy 2.* Claimant's case file, disbursing branch.

(4) *Copy 3.* Claimant's case file, accounting branch,

- (5) *Copy 4. Payee.*
- (6) Reproduce additional copies if needed.

#### **40-51. Claim Procedures**

a. Treasury sends a photocopy of the paid check, an FMS Form 3858 (Claims Document) , and an FMS Form 1133 (Claim Against the United States for Proceeds of a Government Check) to:

- (1) The DO when the DAS indicates the check was negotiated and no credit will be given, and
- (2) The DO via DFAS-IN (DFAS-IN/AAC) for a chargeback. The accounting branch sends the photocopy and claims forms to the disbursing branch .

b. FMS Form 3858 is the first three pages of a four page form.

(1) *Page 1:* Original FMS Form 3858 is for DO records.

(2) *Page 2:* Copy of the Claims Document for retention in a suspense file for future use if necessary to communicate with the Operations Division Check Claims (ODCC),

(3) *Page 3:* Instructions to the claimant on how to complete FMS Form 1133, and

(4) *Page 4:* FMS Form 1133. The DO receives instructions for completion of FMS Form 1133 and pages 3 and 4 when the stop reason code (SRC) and check status indicate these items are needed. Otherwise, ODCC removes pages 3 and 4 before sending the FMS Form 3858 portion of the forms sent to the DO. However, the DO determines whether or not FMS Form 1133, when received, is sent to the payee/claimant.

c. Send pages 3 and 4 to the payee/claimant only when:

(1) The payee/claimant has claimed nonreceipt, loss or theft of a check, the DO has submitted an SF 1184 using SRC A, D, or G, and a "paid" check status is received;

(2) The DO determines the payee is not entitled to a payment, submits an SF 1184 using SRC F or S, and the check status is "paid", or

(3) The DO receives an SF 1081 charging the 21 F3880.2YMM suspense account as a result of an SF 1184 and a check payment when SRC A, D, F, G, or S was used on the SF 1184.

d. On receipt of the forms set with a copy of the paid check, the DO:

(1) Places the original FMS Form 3858, with a photocopy of the paid check attached to it, in the claimant's case file in the disbursing branch, and sends a photocopy of FMS Form 3858 to the accounting branch for filing in the claimant's case file.

(2) Places the copy of FMS Form 3858 in suspense file.

(3) If FMS Form 1133 is to be mailed to the payee, attach the check copy to the instructions and Claim Form so the payee/claimant's address is visible. Do not mail FMS Form 1133 if SF 1184 was submitted

using SRC other than A, D, F, G, or S. Fold pages 3 and 4 so the payee/claimant's name and address are visible in the window of a left-side window envelope, being careful that only the payee/claimant's name and address are visible due to Privacy Act considerations, and send to the payee/claimant.

(4) When the payee/claimant returns the completed FMS Form 1133 and check copy, review the Claim Form to ensure that:

(a) All questions on the front and back are answered;

(b) The payee (or both payees if the check is drawn jointly) signed the claim in the required places; and

(c) The payee's signature, if made by mark, has been witnessed. If this has not been done, return the Claim Form to the payee/claimant with instructions to complete and return the form.

(5) Attach the corresponding Claim Document from the suspense file to the Claim Form completed by the payee/claimant.

(6) File a photocopy of FMS Form 1133 in the claimant's case file to support any follow-up action with the Treasury.

(7) Fold pages 2 and 4 so the address of the Check Claims Operations at the bottom left corner of FMS Form 3858 is visible through a left side window envelope. Other information from the form should not be visible through the window of the envelope. Include the photocopy of the check received from the Treasury in the envelope and mail the package to Financial Management Service, Adjudication Division-Check Claims (ODCC), Room 800 D, PO Box 1849, Hyattsville, MD 20788.

e. Limited payability rules preclude the Treasury from initiating reclamation action against a financial institution if 18 months or more have elapsed between the date the check was paid by the financial institution and the date the Treasury examiner reviews the case. In any instance when the 18 month rule may preclude reclamation, consider sending Claim Forms to the Treasury by certified mail with return receipt requested. This will establish the date the Treasury received the Claim Form. In those instances where the forgery claim cannot be sent to the Treasury (18 months have elapsed), the DO must coordinate with local Criminal Investigation Division (CID) offices for investigative assistance. Provide the CID with copies of the paid check and FMS Form 1133.

f. If payment was not recertified before or when the SF 1184 was submitted, it is generally not in the best interest of the DO to recertify the payment before receiving the ODCC decision.

g. FMS Form 3858 is for DO and Treasury use; don't mail it to the payee/claimant. If a DO who has previously received an FMS Form 3858 corresponds with the ODCC concerning a check, attach a copy of the Claims Document to the correspondence to facilitate ODCC processing.

*h.* If the payee admits negotiating the check, authorizing its negotiation, or does not return the claim form within 30 calendar days, the DO immediately begins collection action. Under these circumstances, don't return the claim document to the Treasury.

*i.* If the payee never lived at or received mail at the address on the check, the DO must determine if the check was mailed to and received by a person of the same name residing at that address. If so, the DO mails a letter to the address to attempt to recover the proceeds, since the Treasury has no legal basis to recover from the endorser.

*j.* After the ODCC receives and renders a decision on the completed Claim Form, it advises the DO with an FMS Form 3859 (Claims Disposition Notice (CDN)), of the validity of the claim. If Treasury determines that forgery occurred and is taking reclamation action with a financial institution, ODCC sends an SF 1081 to the DO via the RCS CSCFA-110 report for credit posting to account 21F3880.1YMM. If a recertified check has been issued, change the YMM limitation on the SF 1081 to the YMM on the initial SF 1184. It may also be necessary to transfer the reclamation credit from 21 F3880.1YMM to 21 F3880.2YMM if an earlier chargeback was received. If the claim is denied and a recertified check has not yet been issued, the case is closed. If the claim is denied and a recertified check has been issued, the DO begins collection action per Chapter 15.

#### **40-52. Agency Recertification Follow-Up, FMS Form 3864**

Obtain this form through normal publication channels or by writing to Department of the Treasury, Property and Supply F&P LMD, 3361-L 5th Avenue, Landover, MD 20785. See DoDFMR, Volume 5 for completion instructions.

#### **40-53. Repayment of Indebtedness Before Establishing the Miscellaneous Receivable**

*a. Claimant returns the original or recertified check.*

(1) Ensure the check is not stale dated.

(2) If the original or recertified check is stale dated and dated on or after October 1, 1989, prepare DFAS-IN Form 3120-R (Claim for Limited Payability Check Proceeds) (Test)Mn Part A (Address), enter "See Part B." In Part B, below the signature of the DO or deputy, enter "Original/ recertified (as applicable) check negotiated by payee, original/recertified (as applicable) check returned for credit to suspense account 21F3880.1YMM OA FSN." Mark the check "NOT NEGOTIABLE". Hold the check in a secure location until credit is received from DFAS-IN). Credit will be received through the TBO/TFO process. After the DO (disbursing branch) is assured all pertinent facts are known and all accounting transactions are completed, destroy the check. A memorandum of destruction will be signed

by two disinterested witnesses and maintained in the claimant's case file.

*b.* Claimant pays with cash or negotiable instrument. If cash or a negotiable instrument, other than the original or recertified check, is used to satisfy the indebtedness, the disbursing branch will prepare DD Form 1131, citing accounting classification 21F3880.1YMM or 21F3880.2YMM as the situation warrants.

#### **40-54. Establishing the Miscellaneous Receivable**

On receipt of either a DAS stating the original check was cashed and a recertified payment has been issued, or a chargeback to account 21F3880.2YMM after the U.S. Treasury previously gave credit for an original check that was subsequently paid. Date/time stamp the documents upon receipt in the DO and establish a miscellaneous receivable in the following manner:

*a.* DAS stating the original check was paid and no DO credit will be given. Maintain the DAS in the disbursing branch filed in the claimant's case file. The disbursing branch sends the accounting branch (or separate supporting activity) a copy of the DAS for filing in the claimant's case file, and asks that branch to pursue collection action per Section XII. The accounting activity prepares an SF 1081 crediting suspense account 21F3880.1 and charging (debiting) suspense account 21F3880.2YMM and establishes a miscellaneous receivable. See DoDFMR, Volume 5, Figure 11-5. Distribute the SF 1081 as follows:

(1) *Original:* Send to DFAS-IN with original money account papers.

(2) *Copy 1:* DO retained accounts.

(3) *Copy 2:* Disbursing branch filed in claimant's case file.

(4) *Copy 3:* Accounting activity filed in claimant's case file.

*b.* Chargeback after earlier credit has been received. The accounting activity accepts the chargeback (debit 21F3880.2YMM) from the RCS CSCFA-110 Report and the chargeback SF 1081. The YMM portion of the limitation need not be accepted as is. Rather, it may be manually changed to reflect the YMM the chargeback occurred. For example, TL J2 Jul 91 would be accepted to limit 2107. The DO credit SF 1081 received earlier in the process would have resulted in a credit entry to account 21F3880.1YMM. The accounting activity date/time stamps the front of SF 1081 and sends the disbursing branch a photo-copy for each person listed. The accounting branch uses the SF 1081 to establish a miscellaneous receivable and as the basis for collection action per Section XII.

#### **40-55. Collection Procedures**

The FAO/DAO or separate supporting accounting activity pursues collection action per Section XII.

#### **40-56. Assessment of Interest, Penalty, and Administrative Charges**

If appropriate, assess per Section XXI. Since the individual will go to the disbursing branch to pay the debt, develop local internal procedures between the accounting and disbursing branches so the disbursing branch knows in which instance and for how much such charges should be collected. Use DD Form 1131 to collect the amount of any interest, penalty, and/or administrative service charge assessed. Use accounting classification 21R3210.0013 for interest and penalty. Use accounting classification 21 R 1099 for the administrative service charge.

#### **40-57. Loss of Funds Procedures**

a. The DO is responsible for requesting relief for a loss of funds within 90 calendar days from the date it sends the miscellaneous receivable to DFAS-IN. The disbursing branch prepares a JV (original and two copies) to establish a loss of funds on DD Form 2657. Distribute the JV as follows:

(1) *Original* Included in shipment of money account papers to DFAS-IN/BAB.

(2) *Copy 1*. DO retained accounts.

(3) *Copy 2*. File in the disbursing branch claimant case file. Attach the cover letter to the back of this copy.

b. Post the JV to DD Form 2657. Use other cash item (OCI) code "LR" (loss-recertification). Record this on lines 4.1 and 7.3 or 9.3, as appropriate, of the SF 1219.

c. Complete a statement of facts and send the packet to Director, DFAS-IN, ATTN: DFAS-IN/GL, Indianapolis, IN 46249-0160. See DoDFMR, Volume 5, Chapter 6 for items to include in the packet.

d. After sending the case to DFAS-IN, the DO informs the local financial manager (or the financial manager at the funded station, if applicable) of potential funding requirement implications should relief be granted. The appropriate financial manager reserves/obtains funds to cover the potential charge.

e. After investigation of the circumstances surrounding the case, and if relief is granted, DFAS-IN returns the case to the DO authorizing the charging of the amount against the appropriation cited for the original payment. Use an SF 1034 (DoDFMR, Volume 5, Figure 11-3), posting it to DD Form 2657 as a decrease to accountability, and categorizing the voucher per paragraph 40-70a(10). Attach a copy of the correspondence from DFAS-IN to the retained copy of the SF 1034.

#### **40-58. Debtor Liquidates the Miscellaneous Receivable After the Packet has been Forwarded to DFAS-IN**

Follow paragraphs 40-53 and 40-59. Also, advise DFAS-IN (DFAS-IN/YC) to stop the out-of-service debt collection effort.

#### **40-59. Debtor Liquidates the Indebtedness After the Loss of Funds Packet has been Sent to DFAS-IN (DFAS-IN/GL)**

a. *Claimant returns recertified check.*

(1) Ensure the check is not stale dated. Have the payee sign the check.

(2) The disbursing branch prepares a JV. Do not process this transaction through the cashier and do not prepare DD Form 1131. Handle it as a vault transaction since accountability was increased when the loss of funds was established. Prepare an additional copy of the JV and give it to the payee as a receipt. Use the JV as the source document to post to DD Form 2657. Deposit the recertified check along with either the other daily business checks or as part of the deposit sent to the Federal Reserve Bank (FRB) or branch thereof.

(3) If the recertified check is stale dated but dated after September 30, 1989, prepare DFAS-IN Form 3120-R (Test). Complete only Part B. In the area below the DO's or deputy's signature, enter "Recertified check returned by claimant in settlement of indebtedness." "Make check payable to Disbursing Officer." In the same area, provide DFAS-IN (DFAS-IN/FY) with the complete mailing address for the check.

(4) Assess interest, penalty, and administrative charges, if appropriate.

(5) Advise DFAS-IN (DFAS-IN/FYC) to stop the out-of-service debt collection action. Advise DFAS-IN (DFAS-IN/GL) to stop loss of funds action and return the packet to the DO.

b. *Claimant pays with cash or negotiable instrument other than the recertified check* Post this transaction as outlined in subparagraph a above.

#### **40-60. Collections Division Collects All or Part of Debt and the Loss of Funds has not otherwise been Cleared from DD Form 2657**

If DFAS-IN is successful in collecting all or part of the debt, it sends the appropriate supporting accounting activity an SF 1081 (DoDFMR, Volume 5, Figure 11-5), with enclosures, and RCS CSCFA-110 Report. The only way the DO (accounting branch) will know whether collection (recertification) action has occurred is to review these documents using the following process:

a. Review for any collection citing your fiscal station number (FSN). If there is no activity for your FSN, no further action is required.

b. If your FSN is cited, review for name(s) of the person(s) from whom collected.

c. Check the recertified check register or claimant's case files to see if those listed are indebted as a result of duplicate negotiation of an original and recertified check.

d. If there is a match on the name, the accounting activity sends the disbursing activity a copy of all documents. The disbursing activity prepares an SF 1034 payable to Adjustments, categorizing the



voucher per paragraph 40-70a(10), citing the proper accounting classification, and posts the SF 1034 to DD Form 2657.

e. Advise DFAS-IN (DFAS-IN/GL) to stop the loss-of-funds action or reduce the amount of the loss.

#### **40-61. Holder-In-Due-Course Request for Recertified Check**

A holder-in-due-course will obtain a signed statement from the check payee acknowledging receipt of the proceeds of the check if the amount is \$500 or greater. If a statement cannot be obtained from the payee and the lost or stolen check is for less than \$500, the holder-in-due-course includes in his/her statement a promise to reimburse the Treasury should both the original and recertified check be negotiated. The holder-in-due-course also will submit a signed statement of claim (for recertified check) describing the circumstances under which the check was lost or stolen.

### **Section XII Collections**

#### **40-62. Voucher Deductions-National Guard Technicians**

Collect payroll deductions from the pay of State civilian employees of the Army and Air National Guard when authorized by law or by agreement between the State and appropriate Federal agency.

#### **40-63. Performance and Bid Bonds**

a. *Treasury bonds or notes*. U.S. savings bonds (except series "E," or "EE") or notes covered by a power of attorney to the US Army (instead of corporate or individual sureties) may be accepted at par to cover amounts of performance or bid bonds. The contracting officer submits them to the DO for safekeeping only pending their return to the contracting officer for return to the contractor or for other appropriate action. One exception is that bonds or securities received by bond approving officers in the District of Columbia deposit them with the Department of Treasury, Securities Division, Washington, DC 20220.

b. *Memorandum records*. Keep bonds described in a, above in a safe in the disbursing division. Keep a memorandum card file by contractor name in a safe in a different division designated by the DO. Verify at least monthly that the bonds and card file agree. These are subject to verification by persons appointed to verify cash. When DOs change, the successor requests an audit of the bonds and card file to ensure that all bonds are properly located in the safe. Notify the installation commander immediately of any discrepancies discovered during a verification or audit. Keep at least the following data in the card file:

- (1) Name and address of contractor,
- (2) Contract number,

- (3) Name and type of securities and serial numbers,
- (4) Date received,
- (5) Par value on date received, and
- (6) Date returned to contracting officer.

#### **40-64. Locked Receptacle**

Place a locked receptacle outside the cashier's cage in a position convenient to remitters and collection officers. Post a sign near the cashier's window instructing remitters and collection officers to place a copy of the completed collection or receipt document in the receptacle for the accounting division, which empties the receptacle daily and reconciles the documents.

a. *Non-integrated DOs*. The quality assurance branch performs the functions applicable to the accounting division.

b. *Agent offices*. The agent officer empties the receptacle and sends the documents to the accounting division or quality assurance branch weekly and on the 20th of each month.

#### **40-65. Individual Collections of Less than \$1**

Except for retirement or separation vouchers, don't collect amounts of less than \$1 due the United States (58 CG 372).

#### **40-66. When Receipts for Funds are Issued**

A DO issues official receipts for:

- a. Physical transfers of cash;
- b. Cash of military personnel missing in action, absentees, escaped military prisoners, or deceased personnel;
- c. Funds covering a stoppage authorized by the Secretary of the Army for which the Assistant Secretary of the Army (Financial Management) may direct the issuance of a receipt;
- d. Refunds made by military personnel because of an overpayment by a DO;
- e. Recoupment of a loss of funds;
- f. Funds received from an agent (Section VII);
- g. Sales;
- h. Deposit of funds (including deposits made under a contract) which at some future date may be paid to the individual depositors;
- i. Collection of courts-martial fines;
- j. Collection of transportation charges for excess weight allowance;
- k. Collection of allotments;
- l. Return of travel advances made by DOs to civilian employees or soldiers;
- m. Other cases of cash refunds to the United States not listed above if the individual turning in the funds requests a receipt and its issuance is not barred by statute or regulation and
- n. Partial payment of bills.

#### **40-67. Prohibited Receipts**

a. *Receipts in blank.*The giving or taking of a blank receipt for funds received is prohibited.

b. *Receipts subject to verification.*Don't issue receipts before verifying the amount of funds received.

#### **40-68. DA Form 54 (Record of Personal Effects Outside Combat Areas)**

Use this form in a manner similar to that for Receipt for Miscellaneous Collections (DD Form 634) to record moneys found in personal effects of missing or deceased persons. See Army Casualty and Memorial Affairs and Time of Duty Investigations (AR 600-8-1).

### **Section XIII Disbursements**

#### **40-69. Payment Due Date**

Determine the due date for contract payments per Chapter 20.

#### **40-70. Disbursement Voucher Categories**

a. Separately identify paid vouchers into the following categories, either by the suggested numbering system, or by another system-controlled method:

(1) 000,001 to 099,999--collection vouchers. Receipt and/or processing of currency, coin, negotiable instruments, deposits made directly to banks, and adjustments on the following forms (excludes voucher deductions which are reported on disbursement vouchers):

- (a) DD Form 707(Report of Deposits),
- (b) DD Form 1131,
- (c) SF 1080 (Voucher for Transfer Between Appropriations and/or Funds) (when payment is received by check and DD Form 1131 is not prepared),
- (d) SF 1081 (one-sided),
- (e) SF 1098 (Schedule of Canceled or Undelivered Checks), and
- (f) SF 1184 (Unavailable Check Cancellation).

(2) 100,001 to 149,999--*Army Reserve Components (RCs) payrolls.*Pay and allowances due members of the Army RC for periods of active duty that don't include accrued leave. Each original payroll must have a protective cover, the size of a voucher, on both the front and back of the payroll. Use manila folders or other heavy material. Fasten the cover to payrolls of more than ten vouchers with a metal fastener; use two staples for payrolls of less than ten vouchers.

(3) 150,001 to 199,999--*Army RC payrolls (accrued leave).*Pay and allowances due to members of the Army RC for periods of active duty that include accrued leave.

(4) 200,001 to 299,999--*contract and other commercial payments*Payments to vendors providing goods or services under contracts,

purchase orders, blanket purchase agreements, or similar written agreements, and local airline payments. Include payments to imprest fund cashiers in the miscellaneous category even though the initial payments were made to vendors. An exception is that the DOs servicing Troop Support Agency Regions or Defense Subsistence Region, Europe may use a separate series for their commercial vouchers (SFs 1034, DD Form 1155 (Order for Supplies or Services/Request for Quotation), or SF 44 (Purchase Order Invoice Voucher) beginning with A00001 and continuing through B99999.

(5) 300,001 to 399,999--*civilian payrolls*Salaries and benefits to direct hire US and foreign national civilians, and advance pay of such salaries incident to PCSs.

(6) 400,001 to 499,999--*travel settlements (other than military PCS/separation)*Accrued per diem, settlement, and supplemental vouchers when no military PCS or separation is involved, e.g., TDY; civilian PCS settlement vouchers; and payment for mileage, tolls, and other incidental expenses on SF 1164 (Claim for Reimbursement for Expenditures on Official Business).

(7) 500,001 to 599,999--*travel advances (other than military PCS/separation)*Travel advances (per diem, mileage, and other reimbursable expenses) when no military PCS or separation is involved.

(8) 600,001 to 649,999--*active duty military payments--manual*Manual payments of pay and allowances to active duty military members regardless of branch of Service, e.g., regular monthly payments to individuals not paid by DJMS-AC, and all separation payments including those to members of RC paid on DJMS-AC.

(9) 650,001 to 699,999--*active duty military payments--other.*Casual payments and advances of pay in conjunction with a PCS made to active duty military members regardless of branch of Service and including those to RC members paid on DJMS. A sub-category beginning with number 690,001 will be used for payments of temporary lodging allowance.

(10) 700,001 to 799,999--*miscellaneous vouchers.*All payments not included in the other voucher series and will include (but is not restricted to) the payment of claims, cash awards to military members, reimbursement of imprest funds, and remittance of payroll deductions.

(11) 800,001 to 849,999--*military PCS/separation travel settlement.*PCS/separation travel entitlements to military personnel. This category will include payments of per diem and travel entitlements for TDY performed in conjunction with a PCS as well as PCS-related payments for dependent travel and do-it-yourself (DITY) moves.

(12) 850,001 to 899,999--*military PCS/separation travel advances.*Travel advances associated with

PCS (with or without TDY en route) or separation of military personnel.

(13) *900,001 to 979,999--adjustment vouchers not affecting accountability* Adjustments, corrections, and transfers which don't impact on accountability, e.g., no-check SFs 1080, two-sided SFs 1081, and DA Forms 3970 (Transfer Adjust-ment Voucher). Since these transactions do not affect accountability, the vouchers do not need to be processed through the disbursing division and may be briefed and processed by the accounting division.

(14) *980,001 to 999,999--foreign military sales (FMS) transactions*. Automatically assigned by the Program and Budget Accounting System (PBAS) in response to requests for FMS expenditure authority. The use of this series of numbers on the actual disbursement vouchers is optional.

*b. Numbering by DFAS-IN Transportation Operations.* DFAS-IN Transportation operations segregates transportation vouchers into the following six groups, which may be further divided into subcategories:

- (1) Freight vouchers--000,001 to 699,999.
- (2) Passenger vouchers--700,001 to 799,999.
- (3) Meal tickets--800,001 to 899,999.
- (4) Miscellaneous--900,001 to 939,999.
- (5) Reimbursement vouchers--940,001 to 949,999.
- (6) No-check-drawn vouchers--950,001 to 999,999.

#### **40-71. Distribution of Paid Vouchers**

*a. Originals.* Distribute as prescribed in DoDFMR, Volume 5.

*b. Duplicates.* Keep in the DO.

*c. Fiscal station copy* Distribute additional copies of each paid voucher citing an FSN other than that of the paying station in the manner prescribed for collection vouchers in DoDFMR.

*d. Other copies.* As required by DOs operating under the integrated accounting system.

*e. Prepare the following payroll summaries:*

- (1) DD Form 117 (Military Pay Voucher),
- (2) DA Form 2140 (Military Pay Voucher Summary and Certification Sheet), and
- (3) DA Form 2233 (Army reserve Pay Voucher Summary and Certification Sheet).

*f. Preparation, assembly, and distribution for non-JSS stations.*

(1) *Preparation.* After completing DA Form 2140, DA Form 2233, and DD Form 117 at the end of the business day, complete separate DA Forms 5101 (Tax Reconciliation and Control Record) in three copies for AA and RC payments showing the:

- (a) Total of the four tax columns summarized by DOV;
- (b) Total amount brought forward from the previous day's cumulative total line, which must reflect in the accounting month of the business date shown in the heading of DA Form 5101; and
- (c) Deferred voucher numbers, tax totals, and reason(s) for being deferred.

(2) Assembly and distribution of DA Form 2139 (Military Pay Voucher) and DD Form 117.

(a) Attach the original of DA Form 2139 to the original DD Form 117 and send it to the accounting division for monthly submission with the DO's money account papers to Director, DFAS-IN, ATTN: DFAS-IN/BAB, 8899 E. 56th St., Indianapolis, IN 46249-0401

(b) Mail the first copy of DA Form 2139 or DD Form 115, with copies 2 and 4 of DD Form 117 attached, daily to Director, DFAS-IN, ATTN: DFAS-IN/FJFBM, 8899 E. 56th St., Indianapolis, IN 46249-0865.

(c) Keep the third copies of DA Form 2139 or DD Form 115, and DD Form 117 in the DO.

(d) Give the fourth copy of DA Form 2139 or DD Form 115, and DD Form 117 to the member.

(e) Retain for local use or destroy the fifth copies of DA Form 2139 or DD Form 115.

(f) Send the fifth copy of DD Form 117 to the control section.

(3) Assembly and distribution of AA/RC manual payments.

(a) Send original DA Forms 2140 and 2233, and original DITY vouchers with copy 2 of DA Form 5101 to the accounting division. Attach the original DA Form 2139 to DA Form 2233 when accrued leave isn't a factor.

(b) Attach original DA Form 2139 (and a copy of all DITY vouchers) to copy 2 of DA Form 2140 or 2233 for RC when accrued leave is paid by DOV. File these in a temporary suspense file with the original copy of DA Form 5101 pending receipt of the Daily DOV Report.

(c) Attach copy 3 of DA Form 2139 (with attached orders and copy of the latest LES) to copies 3 and 4 of DA Form 2140 or 2233, and combine with copy 3 of DA Form 5101 and a copy of all DITY vouchers. Send these on a TL to the military pay control section. Upon completion or processing tax input, military pay returns copy 3 of DA Forms 2139 and 2140 to disbursing for sending to the accounting division.

(d) Give copy 4 of DA Form 2139 to the payee.

(e) Attach copy 5 of DA Form 2139 to DA Form 2140 or 2233 and use them as TFO documents when required. Otherwise destroy them per local policy.

(4) *Reconciliation.*

(a) Annotate each DA Form 5101, 2140, and 2233; and DITY voucher to show the submission tax message number.

(b) Attach JACS Report 42 to the original DA Form 5101 and keep it on file through February of the following calendar year.

(c) Send a tax TL in triplicate to address in (2)(b), above.

(d) Prepare separate TLs for AA and RC pay-ments. Attach copy 2 of DA Form 2140 or 2233 with attached copy 1 of DA Form 2139 and a copy of all DITY vouchers to copy 2 of the TL, and send the original and copy 2 of the TL (with attachments) to

DFAS-IN. Keep copy 3 of the TL in the TL suspense file pending receipt of the acknowledged copy and process it in a routine manner.

#### **40-72. Vouchers Submitted by the National Guard**

Accept for payment payrolls and other vouchers submitted by the National Guard when properly certified by the USPFO or the State adjutant general or other authorized certifying officers. Distribute checks and vouchers per NGR 37-104-3 (Military Pay and Allowances, Army National Guard). Process vouchers submitted by the National Guard in the same manner as similar type DA vouchers.

#### **40-73. Collecting Identification Cards at Final Payment**

Per DA Pam 600-8-11 (Military Personnel Office Separation Processing Procedures), the DO is responsible for collecting military ID cards when service members retiring or separating receive their final pay. Ensure that procedures are in effect to collect the ID cards and destroy them daily.

#### **40-74. Electronic Funds Transfer (EFT)**

##### *a. Relationship with Federal Reserve Banks (FRBs).*

(1) *EFT processing agreements* Each FRB acts as a fiscal agent of the Treasury in disbursing by EFT. Each DO must have a detailed written agreement, augmented by local operating instructions, with the FRB serving it. These agreements contain detailed instructions for controlling:

- (a) Tape delivery to the FRB,
- (b) Tape remaking procedures,
- (c) Credit routines,
- (d) File label requirements, and
- (e) Other details explaining each office's unique requirements.

(2) *Routing transit number (RTN)* Each FRB assigns each DO an RTN to use on EFT tapes to identify itself. Only one RTN is required by an office even though payments are passed to more than one FRB.

##### *b. Civilian employee claims nonreceipt* of a civilian employee claims nonreceipt:

- (1) Verify payment was due,
- (2) Verify information on the EFT tape,
- (3) Contact the FRB, and
- (4) Make settlement with the employee.

##### *c. Posting EFT transactions.*

(1) *EFT payroll* Prepare SF 5515 (Debit Voucher) for the amount of the EFT tape and post it to the Daily Statement of Accountability (DD Form 2657). Post the payroll voucher.

(2) *Returned EFT items* The FRB returns EFT items that it can't process. Post them to DD Form 2657.

##### *d. Processing returned EFT items.*

(1) Financial organizations and the FRB schedule returned items on Automated Clearing House (ACH) Form 323-1445 (Pre authorized Returned Item

Credit). The form includes a reason code that identifies why the item is being returned.

(2) The servicing FRB prepares SF 215 for returned items.

(3) On receipt of SF 215, review the returned items for completeness and accuracy.

(a) Post the SF 215 to DD Form 2657. If the SF 215 and returned items belong to another office, return them to the FRB immediately.

(b) If one or more of the returned items belong to another office, prepare an EFT reject notice, as prescribed by the FRB, for each misrouted item. Send it with an SF 5515 for the total amount and ACH Form 323-1445 to the servicing FRB.

(c) If the amount of SF 215 received from the FRB is in error:

1. If the amount of the returned items is greater than that shown on the SF 215, prepare a new SF 215 for the difference and process accordingly.

2. If the amount of the returned items is less than that shown on the SF 215, prepare an SF 5515 for the difference and process accordingly.

(4) Send copies of ACH Forms 323-1445 to the payroll office for posting to employees pay accounts.

#### **40-75. Disbursement of Deposit Funds**

##### *a. Deposit fund account 21X6875, suspense, DA*

(1) *Refunds* When making refunds to a depositor from deposit fund account 21X6875, disburse the amount to be refunded on an Public Voucher for Refunds (SF 1049) (see DoDFMR, Volume 5, Figure 11-4). Use either SF 1049 or SF 1034 for disbursements to persons or agencies on behalf of a depositor. Refunds may be made to more than one payee on a single SF 1049 when all payments are from the same deposit fund account; attach a copy of DA Form 4001 (Schedule of Refunds), showing required information not identical to all payees to each copy of SF 1049.

(2) *Deposits received in place of bonds* When a contract is complete, refund deposits or apply them to the final payment due from the contractor. If applied to the final payment, credit it to the applicable appropriation or receipt account and refund any excess to the contractor. In case of forfeiture, credit the amount forfeited to the applicable appropriation or receipt account.

(3) *Deposits received for plans* If plans or blueprints are returned, refund the deposit to the depositor. If they aren't returned, credit it to the proper general fund (miscellaneous) receipt account.

##### *(4) Deposits representing unclaimed balances.*

(a) Refund unclaimed balances of more than \$5 which are proper for refund without requiring presentation of a claim.

(b) Clear unclaimed balances of more than \$5 belonging to individuals whose whereabouts are unknown and which have been held for more than 1 year after becoming available for refund from the deposit account on SF 1080 on September 30 each

fiscal year. Credit them to account 20X6133 (Payment of Unclaimed Moneys) (names of individuals). Note on the SF 1080, "Unclaimed balances," showing each owner and amount transferred for each owner. Prepare DD Form 1131 citing account 20X6133 to deposit the funds to the Treasury. Send the SF 1080, check, and DD Form 1131 to the Director, DFAS-IN, ATTN: DFAS-IN/BAB, Indianapolis, IN 46249-1306.

(c) Deposit unclaimed balances of less than \$5 which have been held for more than 1 year and for which a claim has not been received to receipt account 21R1060 (Forfeitures of Unclaimed Money and Property). Note on the SF 1080, "Unclaimed individual balances of \$5 or less." Clear amounts belonging to individuals whose whereabouts are unknown, which have been held more than 1 year after becoming available for refund from the deposit account on SF 1080 on September 30 each fiscal year. Pay valid claims received after transfer of funds to account 21R1060 from account 20X1807 (Unclaimed Balances). Refer to the original transfer of funds on the disbursement voucher.

*b. Employee contributions* Process withholdings from civilian employees and the amount of agency contributions credited to Civil Service receipt account 24X8135.8 for the Civil Service Retirement and Disability (CSR&D) Fund, Federal Employees' Retirement System (FERS), Federal Employees' Group Life Insurance (FGLI), and the Federal Employees' Health Benefits (FEHB) Program per Chapter 22.

*c. Federal, state, territorial, and city withholding taxes; and Federal Insurance Contribution Act (FICA) withholdings*

(1) *Requirement* DOs must comply with the Federal tax deposit and reporting requirements.

(2) *Army civilian employees and National Guard technicians* DOs deposit Federal taxes withheld each pay period using TD Form 8109 (Federal Tax Deposit, Coupon), provided by the servicing IRS district. CONUS DOs send checks issued for payment of withheld Federal income and FICA taxes to the servicing FRB or branch. OCONUS DOs send them to the FRB or branch servicing the district in which the APO/FPO is located (i.e., Miami, New York, San Francisco, or Seattle). Also, except for withholdings from National Guard technicians, DOs make quarterly returns using TD Form 941 (Employer's Quarterly Federal Tax Return), supplied by the servicing IRS center. USPFOs send TD Form 941 for withholdings from National Guard technicians' pay to the appropriate IRS office. Report manual and DITY incentive payments per paragraph 40-71f. CONUS (plus Alaska and Hawaii) DOs mail returns to the servicing IRS office. Other DOs obtain forms and send returns to the IRS center servicing the State of their APO/ FPO address. Enter the tax payment information required under Schedule B (Record of Federal Tax Deposits) on TD Form 941

from the retained re-cord of payment. The total amount of the tax pay-ments made during the quarter should equal the total taxes due, with no further payment required.

(3) *Soldiers on active duty, inactive duty, or active duty for training and Reserve Officers' Training Corps (ROTC) during attendance at training camps.*

(a) Except for withholdings from the pay of members of the ARNG of the Virgin Islands (2), below), DFAS-IN disburses Federal income and FICA taxes withheld to the Director, IRS for all manual payments to:

1. Active Army (AA) personnel,
2. All RC personnel, including Individual Ready Reserve (IRR) and ROTC members on annual training (AT) and active duty for training (ADT), and
3. ARNG personnel on full-time training duty (FTTD). Therefore, report tax data on all manual payments on separate Transmittal Records (DA Forms 200) for AA and RC to the address in paragraph 40-71(2)(b), and send tax-related documents to the receiving unit, control section.

(b) Pay Federal income tax withheld from members of the ARNG of the Virgin Islands directly to the Department of Finance, Tax Division, PO Box 3186, St. Thomas, Virgin Islands 00820, following regulations issued by that department.

(4) *State, territorial, and city income tax* Issue checks for the net amount of taxes withheld, Payable as stipulated by the specific taxing authorities, to the appropriate State, territory, or city.

*d. Disbursing taxes collected* Report and disburse per requirements of governing regulations according to the type of payment (e.g., civilian payroll, travel, pay of military personnel, etc.). Disburse taxes imposed by Federal, state, or other political subdivisions on sales of various commodities to the authority imposing the tax or to the vendor for payment to the taxing authority.

*e. Proceeds of canceled checks due deceased civilian employees* Include the proceeds of canceled checks due deceased civilian employees on SF 1154 (Public Voucher for Unpaid Compensation Due a Deceased Civilian Employee).

*f. Refunds of proceeds from sales of surplus property.*

(1) *Funds to be charged for authorized refunds (including payment of GAO approved claims)* Make refunds to purchasers of surplus property from deposit fund account 21F3875 if the applicable moneys being claimed for refund have not yet been transferred from that account. If they have been transferred, make the refund from deposit fund account 97\*6460.5191 or 97\*6460.5192, as appropriate, except:

(a) If the refund applies to DBOF property sold, make it from the applicable DBOF account. Show the applicable DBOF account on vouchers submitted through claims channels to GAO for adjudication.

(b) If the refund applies to Military Assistance Program (MAP) property sold, Treasury makes the refund after GAO approval. Show the miscellaneous receipt account to which the proceeds from the sale were credited on vouchers submitted through claims channels to GAO for adjudication.

(c) On vouchers submitted through claims channels to GAO for adjudication to be paid, if approved, from deposit fund account 97\*6460.5191 or 97#6460.5192, include the statement, "If approved, this claim will be paid from current proceeds from the sale of surplus property. This paragraph also applies to refunds of money collected before the establishment of the deposit fund account".

(2) *Damages* Pay refunds to purchasers of surplus property to cover damages for breach of warranty by the Government, the amount of which has been properly determined by GAO (see 5, below).

(3) *Delivery less than quantity paid for* DOs may pay, based on the contract award, claims for refunds where specified quantities of surplus supplies are awarded to a purchaser at the purchaser's bid price.

(4) *Retention of items by the Government* Refunds may be made in connection with sales of surplus property where the purchaser paid for it, but complete or partial delivery is not made because the Government has further use for the property. The purchaser is entitled to a refund of the resulting overpayment but not to damages claimed because of non-delivery.

(5) *Rescission of contract* DOs may not pay refunds from the sale of surplus personal goods returned to the Government because a condition or warranty results in a rescission of the contract of sale. They also may not pay refunds for compensation for losses resulting from a breach of warranty without first submitting the matter to GAO.

*g. Transfer of payroll deposit fund* When DO deposit fund accounts pertaining to payroll activities are involved in the transfer of those activities to another fiscal station, use SF 1080 to transfer appropriate deposit fund balances. The effect will be to adjust the FSN, and operating agency number when appropriate, of the deposit fund accounting classification to that of the receiving office. The receiving office keeps related deposit fund records. Do not make transfer adjustments when a person is transferred to the payroll jurisdiction of another fiscal station, but process them per Chapter 22.

*h. Disbursements made only by a DO* Only a DO may disburse from funds received from sales, and deductions from payments made by the purchaser are not authorized. The purchaser must send the total amount due the Government under the terms of the contract or agreement to the DO, the officer designated to make the collection, or the officer conducting the sale. Turn the entire amount in to the DO. The DO pays expenses, refunds, etc. under the sales contract or agreement.

*i. Payment of National Guard payroll deductions*

(1) *State retirement, disability, and death benefits plans* Send a check payable to the appropriate State official, with a copy of the paid voucher, to the USPFO to pay for deductions withheld for State retirement, disability, and death benefits. These accounts must be cleared at least monthly, or more frequently based on applicable State agreements.

(2) *National Guard Association of the United States Insurance Trust (NGAUSIT)* Send a check payable to the NGAUSIT with a copy of the paid voucher to the USPFO for further processing. Clear this account on a pay-period-by-pay-period basis.

#### **40-76. Transfers Between Appropriations and/or Funds**

*a. Overview.* Use SF 1080 to:

(1) Transfer or adjust between appropriations or funds,

(2) Distribute funds resulting from the sales of surplus and foreign excess personal property,

(3) Transfer funds between agencies within DoD for amounts due for material, services furnished, or to request advance payment for material or services to be furnished, except for payment to the GSA. For installations using computer equipment, see Chapter 12 for the authorized billing document and for cross-servicing procedures.

*b. Transactions between and within component organizations of DA.*

(1) *Preparation and processing.*

(a) See Chapter 33.

(b) Although SF 1080 is normally prepared and processed by the installation furnishing the material or services, the operating agency concerned may direct their preparation and processing at other designated offices.

(c) Use a "No check drawn" SF 1080 for payment and collection for intra-Army reimbursable sales and services. Other Payments and collections may be processed on a check-issue basis except where the same DO is responsible for the funds to be charged and credited. When the ordering document is a Military Standard Requisitioning and Issue Procedures (MILSTRIP) requisition coded to indicate that non-interfund billing is desired (e.g., through the use of fund code XP), use TFO procedures only if prior arrangements, to include identification of the accounting classification to be cited in the TFO document, have been made with the paying office.

(d) The billing office may execute the certification of the office billed in the space provided. Where material is furnished, execute the certification based on constructive delivery.

(e) If the customer on an intra-Army reimbursable work order requires pre-certification of an SF 1080 billing, he or she must state the requirement on the work order. Acceptance of such an order by the performer constitutes compliance with this requirement. Send the billing to the customer for pre-certification before payment and processing as a

collection for the performer through TFO/TBO procedures.

(2) *Distribution*

(a) Original: Process with the DO's accounts

(b) Duplicate: Keep in DO.

(c) Send copies through TFO channels, per Chapter 33, to each fiscal station other than the processing DO cited on the voucher.

(3) Process transactions involving Army Corps of Engineers Civil Works (department code 96) and NAFIs on a "check drawn" basis.

c. *Transactions between DBOF funds and DoD activities.* Process transactions affecting reimbursements on Defense Business Operations Fund customer orders on a "No check drawn" basis. Provide enough copies of SF 1080 for necessary distribution.

d. *Transactions between DA and other departments, offices, and agencies within and outside DoD.*

(1) *Preparation and processing.*

(a) The performing activity normally prepares the SF 1080. However, the operating agency concerned may designate other offices to prepare the voucher. Return incorrect or incomplete vouchers for correction. Include on the voucher in the spaces provided:

1. Bill number;
2. Name (department or agency) of the billing office;
3. Name (department or agency) of the office billed;
4. Accounting classifications;
5. Amount due; and
6. Address of Army installation or staff agency, DSSN, and name of DO to whom the remittance is to be sent and in whose accounts the collection will be credited.

(b) Prepare an SF 1080 for GSA billings for rentals, job orders, and telephone and teletypewriter services.

(c) Process an SF 1080 received from other military departments as above, except that the name and DSSN of the accountable officer in whose accounts the amounts will appear as a collection is not required.

(d) Send an SF 1080 to the office billed promptly on shipment or, where recurring charges are involved, not less frequently than monthly.

(e) Payment may be requested on partial shipments or after final shipment. Make payment within 90 calendar days after completion of the order.

(f) Process transactions involving the Project Account for Transportation per Chapter 12.

(2) *Distribution*

(a) Original and one copy: Office billed for use as original and duplicate disbursement voucher.

(b) One copy: Office billed sends with check to the billing office for use as "original" collection voucher.

(c) One copy: Held by the billing office pending receipt of check.

(d) Prepare necessary extra copies to provide the office billed enough copies to satisfy its accounting requirements.

e. *Transactions between DA and General Services Administration* GSA bills purchases made from its depots on GSA Form 789 (Statement, Voucher, and Schedule of Withdrawals and Credits), and sends it to the DO in an original and six copies. Pay the voucher and perform any follow-up adjustment action. Distribute GSA Form 789 as follows:

(1) Original to Director, DFAS-IN, DFAS-IN/BAB, Indianapolis, IN 46249-0001 with the original SF 1219.

(2) One copy, with check, to GSA.

(3) Keep remaining copies for local requirements.

#### **40-77. Cross-Disbursing and Transactions for Others**

a. *Scope.* DOs may cross-disburse for DoD, Navy, Coast Guard, and Air Force. They may not cross-disburse for the State Department or civil functions of the Corps of Engineers.

b. *Documentation* Mark all vouchers and supporting documents used for cross-disbursements affecting DoD (department code 97), Navy (17), Air Force (57), or Coast Guard (69) appropriations by rubber stamp or boldface type "CROSS-DISBURSING FOR (DOD, Navy, Air Force, or Coast Guard, as appropriate).

c. *Cross-disbursing casual payments responsibilities*

(1) Cashier.

(a) Attach a copy of a Navy service member's ID card (front and back) to the voucher.

(b) When a service member reports for payment, prepare DD Form 115 (Military Payroll Money Test) in four copies using the preassigned payroll and DOV numbers that appear on the payment approval document. See AR 37-104-3, paragraph 40505b. Prepare separate DD Forms 115 for each branch of Service and each group of personnel (officer and enlisted) within each branch paid during the day.

(c) Obtain service member's signature on DD Form 115.

(d) File DD Forms 115 with the paid vouchers and send them to the supervisor with DD Form 2665 at end of each business day.

(2) Check and bond branch.

(a) Prepare DD Forms 117 in four copies for each payment/personnel category, including the proper appropriations. See AR 37-104-3:

1. Paragraph 40505b(2) for Air Force,
2. Paragraph 40602b for Navy,
3. Paragraphs 40706f and 9, and 40707c(1) for Marine Corps, and
4. Paragraphs 40802 and 40807 for Coast Guard.

(b) Prepare a cash disbursement and collection record in duplicate for each voucher category and associate it with the group.

(c) After review by the supervisor and signature by the DO, assemble documents as follows:

1. Attach originals of DD Forms 115 and 117 to original cash disbursement and collection control record.

2. Attach copy 2 of DD Forms 115 and 117, and payment approval document to copy 2 of the cash disbursement and collection control record.

3. Attach copies 3 and 4 of DD Form 115 to copies 3 and 4 of DD Form 117, respectively.

(d) Prepare TLs in three copies for each branch of Service, except Navy (see (g), below), for which there are DD Forms 117 and send to the following addresses, as applicable:

1. Air Force: Director, DFAS-DE/MPA, Denver, CO 80279.

2. Marine Corps active duty service members: Director, DFAS-KC (CPJ3), Kansas City, MO 64197.

3. Marine Corps Reservists: Director, DFAS-KC (Code CPS), Kansas City, MO 64197.

4. Coast Guard: Commandant, (G-FAC) US Coast Guard, Washington, DC 20590.

(e) Attach original and copy 2 of the TLs to copy 3 of DD Forms 115 and 117, respectively. Keep copy 3 of the TLs in suspense.

(f) Send original and copy 2 of the documents to the accounting division.

(g) Transmit data pertaining to Navy personnel to DFAS-IN daily by DSSN. Input and transmit these payments in the same manner as for Army payments. If this is not feasible, mail payment documents to the Director, DFAS-IN, ATTN: DFAS-IN/A, Indianapolis, IN 46249-1326.

## **Section XIV Imprest Funds**

### **40-78. Change or Termination of Fund**

Increase an imprest fund in the same way it was established. The installation or activity commander may decrease or terminate the fund by:

a. Processing reimbursement vouchers to decrease or terminate the advance;

b. Submitting currency, a bank draft, or money order to the DO. (Send currency, if mailed, by certified mail. See DoDFMR, Volume 5, Figures 5-1 through 5-6 for sample Treasury check endorsements.); or

c. Preparing DD Form 1081 to increase, decrease, or terminate the fund (Don't use it to reimburse the fund).

### **40-79. Change of Cashiers**

a. When a new imprest fund cashier is appointed, terminate the predecessor's appointment and advance cash to the new cashier.

### **40-80. Shortages and Overages**

See DoDFMR, Volume 5, Chapter 6.

### **40-81. Installation Commander**

a. *Training the cashier* When a new imprest fund is established or new or alternate imprest fund cashiers are appointed at an installation, the installation commander ensures that each cashier and alternate is trained in the procurement policies in the FAR; DoDFMR, Volume 5, section 0209 and paragraph 030403; this regulation; and the installation regulation on the use of the imprest fund. The commander also furnishes adequate safekeeping facilities for the fund before there is any activity in the fund. Each approving official authorizing payments from the fund furnishes the FAO or DAO a properly completed DD Form 577.

### **40-82. Disbursing Officer**

a. *Instructions* The DO prepares an SOP on fund operation, and provides it to each imprest fund cashier on appointment. Depending on local conditions, additional SOPs may be prepared by USPFOs or State adjutants general in coordination with the DO. The cashier reviews the SOP at least annually, and provides documentation of this review for inclusion in imprest fund memorandum files.

b. *Supervision* The DO resolves questions of doubtful legality of payments made or to be made.

c. *Payment of reimbursement vouchers* The DO assures prompt handling of reimbursement vouchers to avoid delays in reimbursing the fund.

d. *Determination for need of fund* The DO and the chief of the purchasing office jointly review the activity of the fund semi-annually to determine if a continued need for the fund exists. They recommend, in writing to the installation commander, an increase, reduction, or discontinuance, as appropriate.

e. *Administrative control of funds*.

(1) To control funds allotted to the installation or activity, it isn't necessary to record an obligation for each small purchase when the procurement action starts if commitments are established near the amount of the imprest fund.

(2) When the fund is established, the DO, chief of the purchasing office, and heads of the consuming and supply organizations determine the estimated amounts of monthly purchases to be made from the imprest fund that will be charged to various installation's activities.

(3) The FAO prepares a document showing the estimated amounts as commitments, distributed by fund account and prescribed subsidiary classifications. Commitments may not be liquidated by expenditures evidenced by disbursing vouchers (OF 1129 (Cashier Reimbursement Voucher and/or Accountability Record) and OF 1129a (Cashier Reimbursement Voucher and/or Accountability Record Memorandum)) that reimburse the imprest fund. They remain as commitments except as changed or canceled as provided below.

(4) The DO reviews fund activity shown in the memorandum account kept in his or her office to



determine adequacy of the commitments and adjust commitments established under this regulation. Make this review monthly initially, and then quarterly when the DO is satisfied that commitment amounts are determined on a sound basis.

(5) Cancel commitments on 30 September of each fiscal year and reestablish them in the new fiscal year. So that actual obligations incurred against expiring funds can be recorded through 30 September, the DO and the chief of the purchasing office establish a cutoff date for imprest fund purchases using expiring funds. Record actual obligations from reimbursement vouchers or from unvouchered sub vouchers in applicable subsidiary classifications simultaneously with cancellation of commitments.

(6) Since the cash advanced to an imprest fund is not an appropriation charge and is established on a no-year basis, it isn't necessary to return it to the DO at the end of each fiscal year.

*f. Recording reimbursement transactions.*

(1) When examining the reimbursement voucher and supporting sub vouchers before certification, the DO:

(a) Verifies the propriety and distribution of charges on the sub voucher and summarized on the reimbursement voucher.

(b) Determines that the stated status of the imprest fund agrees with the memorandum account kept in the FAO.

(2) Post the verified charges in the ACCOUNTING CLASSIFICATION block of the reimbursement voucher as obligations in the prescribed subsidiary classifications from the paid copy of the vouchers.

(3) Process reimbursement vouchers with other disbursements.

(4) Reimbursement transactions don't affect the overall status of the imprest fund or established commitments unless a reimbursement is applied in whole or in part to liquidate the advance.

*g. Advice of obligation authority* Process purchases made under obligation authorities issued by other installations as follows:

(1) The chief of the purchasing office determines if the requested purchase is within the scope and amount of the obligation authority.

(2) Cite the obligation authority and accounting classification on the sub voucher.

(3) In preparing the reimbursement voucher, support the charge against the other installation shown in the ACCOUNTING CLASSIFICATION block by a summary of charges by obligation authority number on the reverse of the voucher.

(4) A copy of the reimbursement voucher is required for each fiscal station charged. Process transactions for others per Chapter 33.

(5) When the volume of these purchases is large, separate reimbursement vouchers may be prepared in enough copies to provide one for each installation charged.

(6) Even though applicable allotment accounts are not kept by the local DO, he or she verifies the reimbursement vouchers as prescribed in *f*, above.

*h. Memorandum accounts* Keep a separate file for each fund. Use the file to review the activity and verify the status of the fund as stated on the reimbursement vouchers. Make appropriate cross-references in the regular retained voucher file to copies in this file. The DO determines the type of memorandum accounts to be kept by each imprest fund cashier. The file contains at least:

(1) Authorization from the installation commander to establish, increase, or decrease the fund;

(2) Appointment documents for primary and alternate cashiers;

(3) Copies of audits, verifications, and reviews of the fund;

(4) SF Form 1081;

(5) A copy of the SOP; and

(6) Retained copies of OF 1129.

#### **40-83. Purchasing Officer**

The purchasing officer administratively supervises the imprest fund cashier, ensuring that:

a. Payments and advances are made per this regulation;

b. Funds are properly safeguarded;

c. Discrepancies in the fund are reported immediately to the approving authority and to the DO; and

d. Purchases from the imprest fund conform to procurement regulations, the procurement is authorized from funds cited, and the transaction is processed according to this regulation.

### **Section XV**

#### **Maintenance of Basic Records**

##### **40-84. Vault Inventory Control Ledgers**

*a. Overview* The DO assigns a person each as cash control and check control officer, and appoints them as deputy DOs (Section VII). Each keeps applicable ledgers and performs a daily verification among pertinent documents and the ledgers.

*b. Cash vault control ledger* The cash vault control ledger shows total accountability of the cash vault. The ledger contains at least the date, denominations, total cash, negotiable instruments, and grand total. Post the ledger after each transaction affecting the vault inventory. Balance the ledger at the close of each business day and verify it to the amount of cash shown on the CASH-ON-HAND-VAULT line on the reverse side of the Daily Accountability and Proof of Cash (DD Form 2665).

##### **40-85. Records of Individual Exchange Transactions**

*a. Requirement.* DOs require each cashier to prepare a DD Form 2664 daily. Use this to record and summarize the exchange of negotiable instru-

ments or currency. Space is provided on the DD Form 2664 (Currency Exchange Record) for the signature, grade, SSN, and organization of serviced personnel. Such information is optional unless currency control provisions are in effect (paragraph 40-88), but may be used to support requirements of DoDFMR, Volume 5. Record agent officer transactions processed through a cashier on this form.

b. Record the following transactions:

- (1) Cashing of negotiable instruments (DoDFMR, Volume 5)
- (2) Sale of Treasury checks for cash.
- (3) Redemption of dishonored checks (DoDFMR, volume 5, paragraph 040403).
- (4) Sale of foreign currency (DoDFMR, Volume 5)
- (5) Exchange or conversion of foreign currency.

#### 40-86. Check Register

a. *Maintenance.*

(1) The check and bond section of each DO keeps a separate check register for each series of checks used. Make entries in a permanent dark blue, blue-black, or black ink not subject to fading and not readily soluble in water. Do not block out or cover up erroneous entries; neatly line through them so that they are legible. Post the correct information above the erroneous entry or in the appropriate column. The person making the correction initials erroneous entries. DOs having automation capabilities may automate the check register. All check registers must include as a minimum the date, check number, explanation, and amount of each check issued, as well as the cumulative total of all checks issued.

(2) Accounting division personnel verify the check register and DD Form 2657 daily with the fund receipts and fund disbursements journals. Offices operating under AR 37-101 (Organization and Functions of finance and Accounting Offices), verify the check register with related items on DD Form 2657.

b. *Transactions to be included.* Enter each check drawn that affects the accountability of the DO in the register. Such transactions include:

- (1) Check payments,
- (2) Checks drawn for cash, and
- (3) Adjustments.

c. *Entries in check register.*

(1) Post the check register from the paid vouchers and checks drawn for cash. Checks may be posted in summary. Show detailed or inclusive check numbers for all checks issued. List numbers for spoiled and voided checks so that there is an unbroken sequence in the CHECK NUMBER column. Enter the inclusive voucher numbers in the EXPLANATION column opposite each posting in the register to facilitate locating vouchers based on check numbers.

(2) Total the check register daily and verify the balance to DD Form 2665. Enter the cumulative-to-date total immediately after the daily total.

d. *Closing.* The disbursing division prepares OF 1017G (Journal Voucher) at the close of each accounting period (DR 1000, CR 1020) for the total amount of checks issued as shown in the check register. Enter the total amount of checks issued during the period immediately beneath the entry for the last check issued. Send OF 1017G to the accounting division for processing. Offices operating under AR 37-101, chapter 6, verify the total with related entries on DD Form 2657. See DoDFMR, Volume 5 for completion instructions.

#### 40-87. Statement of Accountability and Supporting Documents

a. *General.* Annotate RCS GAO-1002 on the Statement of Accountability.

b. *Preparation of SF 1219.*

(1) Section 1, PART A--TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY. Section 1, part A, shows the transactions during the accounting period that affect the accountability of the DO. The accounting division in integrated offices prepares Part A.

(2) Section 1, PART B--ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY.

(a) *Overview.* Section 1, part B, shows all items comprising the cash accountability of the current DO. The disbursing division prepares Part B. Obtain input from the related balances shown in the referenced columns of DD Form 2657.

(b) Line 6.2, CASH ON HAND. Enter the total dollar amount of all cash items (e.g., Treasury checks, personal checks, travelers' checks, drafts, money orders, or other similar instruments; all dollars and foreign currencies (including payroll or payday cash)) held in the vault.

(c) Line 6.3, CASH--UNDEPOSITED COLLECTIONS. Not used in DA. Include all undeposited collections on line 6.2.

(d) Line 6.4 (Blank). Not used in DA.

(e) Line 6.6. Type in CASH IN TRANSIT and enter the amount of funds transferred between accountable officers for which a receipted copy of an Invoice for Funds Transferred (DA Form 326) or a Treasury check has not been received by the receiving and/or transferring officer. See DoDFMR, section 0506.

(f) Lines 6.7 through 6.9 (blank lines). Not used in DA.

(g) Line 7.9. Type in OTHER and enter total of receivables due to payee negotiating both the original and substitute checks (DoDFMR, paragraph 080415). This line may also be used for items that do not fit the categories of lines 6.1 through 7.4.

(3) Section 1, PART C--ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY. The disbursing division prepares this part.

(4) Section II, PART A--CHECKS ISSUED AND ADJUSTMENT FOR PRIOR PERIODS. The disbursing division prepares this part. It shows all checks issued and check-issue adjustments for prior

periods separately for each assigned DSSN. Obtain detailed information to be reported from the check register (section III).

(5) Section II, PART B--SUMMARY OF DEPOSITS PRESENTED OR MAILED TO BANK. The disbursing division prepares this part. It shows the summary of deposits for each assigned DSSN, including deposits presented or mailed in prior months but not reported.

*c. Examination of accounts* Review the statement of accountability and all supporting documents for accuracy and completeness before submission to determine that:

(1) All documents have been prepared correctly and that all applicable transactions have been shown accurately on the statement.

(2) Only accounting classification data pertaining to the particular transaction is shown in the block provided for that purpose and extraneous, but necessary, reference data is placed in a suitable place elsewhere on the form.

(3) All information, particularly accounting classifications and money amounts, is legible on the originals and on all copies of the documents.

*d. Supporting documents* Attach the following documents to the statement of accountability:

(1) Memorandum copies of SFs 215 and all other documents supporting line 4.2. Separate memorandum copies by the month that the deposit was presented or mailed to the depository. If the memorandum copy is unavailable, mutilated, or otherwise unreadable, extract from the confirmed or retained copy and list on a separate sheet for inclusion with the statement the deposit number, agency location, dollar amount, and date presented or mailed to the depository.

(2) Statement of Designated Depository Account (SF 1149) for those DOs who draw checks on designated depositories.

(3) Schedule of loss of funds in predecessor's accountability for which relief has not been granted.

(4) SF 1098.

(5) SF 1081.

(6) DD Form 165.

(7) Original OF 1017G.

(8) Original collection, adjustment, or disbursement vouchers (including those pertaining to DBOF-SMA).

(9) Original and copy of the Schedule of Foreign Currency Holdings, Military Payment Certificates (MPCs), and U.S. Dollars.

*e. Submission of SF 1219.*

(1) Send the original SF 1219 and supporting documents using Transmittal of Statements and Vouchers (DD Form 2666) to the Director, DFAS-IN/BAB, Indianapolis, IN 46249-0459. Send classified documents pertaining to the SF 1219 to the Director, DFAS-IN, ATTN: DFAS-IN/be, Indianapolis, IN 46249-0406.

(2) Non integrated offices prepare Accelerated Expenditure Report (RCS CSCFA-302) per Chapter 29.

*f. Transmittal document for SF 1219.*

(1) Use DD Form 2666 to list all documents comprising the accounts of DOs. Date the DD Form 2666 on the date the documents are actually sent. The form need not be serially numbered; however, an identifying number may be placed in the block provided on the form if so desired.

(2) Send two copies of DD Form 2666 with SF 1219 and supporting documents to DFAS-IN.

## Section XVI

### Foreign Financial Operations

#### 40-88. Policies

*a. Carrying personal funds overseas* US personnel leaving CONUS for duty in OCONUS areas may carry personal funds in the form of US currency. However, in the interest of protecting their holdings, encourage them to convert their funds into either:

(1) US postal money orders, or

(2) Treasury checks.

*b. Importation of foreign currency* US personnel subject to military law may not import foreign currencies acquired from any source, including foreign exchange dealers in the United States, when it is contrary to the laws of the local government. Foreign currency imported into a foreign country in violation of the country's foreign exchange and currency regulations may be subject to confiscation by the country into which entrance is made.

*c. Profit making prohibited* US personnel subject to military law may not use their positions and privileges to profit from personal transactions.

*d. Use of foreign currencies in US authorized facilities.* NAFIs are the only US facilities authorized to accept foreign currency or coin for the purchase of goods or services except for situations described in DoDFMR, Volume 5.

#### 40-89. Exchange of U.S. Currency When Proceeding from CONUS or OCONUS

*a. Scope* US personnel proceeding from CONUS or OCONUS commands using US currency to pay military personnel to OCONUS destinations in which US currency is not used exchange their currency for authorized dollar instruments.

*b. Point of exchange.*

(1) Travel by ship or train.

(a) Personnel traveling as part of a military unit, detachment, or special group under the supervision of an officer exchange their US currency before leaving the ship or train if finance facilities are available. Otherwise, the supervising officer collects of all such currency before arrival and its exchange upon landing.

(b) Personnel traveling as individuals exchange their US currency at their first opportunity upon entry into the area, but not less than 48 hours after arrival.

(2) Travel by air. Personnel traveling by air exchange their US currency immediately upon arrival

as part of the security check. Installation commanders at ports of debarkation provide finance facilities for this purpose and prohibit holding US currency in these areas.

#### **40-90. Exchange of Foreign Currency Under Emergency Conditions**

DA civilian personnel and soldiers on TDY evacuated from an OCONUS command under emergency conditions may exchange foreign currency/checks in their possession for authorized dollar instruments.

a. DOs may receipt for foreign currency/checks on DD Form 2664. Large amounts of foreign currency/check holdings must be explained (e.g., sale of automobile). Only one exchange is authorized and must result from an emergency condition that precluded the exchange in the foreign country. The amount may not exceed 1 month's pay unless it is supported by:

- (1) Written certification describing the source of foreign currency/checks,
- (2) Statement that none of the foreign currency/checks were acquired in violation of military regulations or exchange control laws, or
- (3) Copy of evacuation, alert, or assignment order.

b. DOs approve applications after reviewing them for reasonableness. Personnel keep receipts to substantiate possible claims for conversion. DOs will keep complete records of conversions to include:

- (1) Individual's name,
- (2) SSN,
- (3) Amount of conversion (dollar and foreign currency/check amount),
- (4) Date received from individual,
- (5) Copies of orders, and
- (6) Copies of receipts.

c. DOs mail DD Form 165 (DoDFMR, sections 0505 and 0506) with the foreign currency/checks to the Director, DFAS-IN, ATTN: DFAS-IN/FY, Indianapolis, IN 46249-0813.

#### **40-91. Sale of Treasury Checks**

a. *For cash in OCONUS areas* See paragraph 40-45.

b. *For surplus money order funds* DOs may sell Treasury checks to postal officers in OCONUS commands for surplus money order funds in their possession. Make these checks payable to the postmaster in the United States to whom the checks are to be mailed. State the object for which the checks are drawn as "Exchange for cash."

c. *Exchange of Treasury checks for cash by agent officers.* DOs may authorize their agent officers to exchange for cash checks they have issued to the agent officers, provided:

- (1) The agent officer is situated at a remote site and means of communication with the parent DO are limited, and
- (2) A register of checks exchanged for cash is maintained showing check number, date, amount,

name of purchaser, and name of the designated payee.

#### **40-92. Cashing Negotiable Instruments**

a. *Authority.* DOs may cash negotiable instruments when no Military Banking Facility (MBF) is available.

(1) US dollar instruments. The American Express Company and Thomas Cook and Sons (Bankers) Ltd. have filed agreements to indemnify DOs and their agent officers against any losses resulting from acceptance of travelers checks and American Express Company money orders that:

- (a) Prove to be stolen or forged.
- (b) Bear fraudulent or forged signatures or countersignatures. However, travelers' checks must have been countersigned by the purchaser, and American Express Company money orders endorsed by the original payee in the presence of the DO or agent officer after presentation of suitable identification.

(2) DOs may cash checks expressed in US dollars issued by the agencies listed below (or their branches) for personnel authorized to use DoD facilities.

- (a) Army and Air Force Exchange Service,
- (b) American Red Cross, and
- (c) Relief, aid, or welfare organizations of the Army, Navy, and Air Force.

(3) DOs may cash checks, personal checks, including Federal Credit Union share drafts, made payable to the DO, for active duty DA military and civilian personnel and other authorized personnel under the following conditions:

(a) The servicing DO, agent office, or other than the servicing DO or agent office may cash checks written by active duty DA military and civilian personnel. The maximum amount that a non-servicing office, may cash is \$200 per person per day.

(b) The cashier ensures that the maker prints his or her name, SSN, unit/organization, duty telephone number, and APO or duty station, on the check if these items are not preprinted on the check's face. MACOMs establish procedures to implement (a), above through (c), below and establish controls for check cashing. Controls should include proper identification, verification of signature, the proper servicing finance office, verification that checks are made to the DO.

(c) When forward support teams are required to cash personal checks while providing support to personnel participating in OCONUS training/field exercises, the parent DO establishes controls covering the cashing of such checks.

(d) When forward support teams cash personal checks during field training exercises and exceptions have been granted by the Director, DFAS-IN regarding (a) - (c), above, the servicing DO sends an after-action report regarding the number and dollar value of bad checks, identifying separately those not

redeemed, through command channels to the Director DFAS-IN, ATTN: DFAS-IN/ AM, 8899 East 56th Street, Indianapolis, IN 46249-2201.

*b. When an MBF is available* Installation commanders may authorize check cashing by DOs when an MBF is available, if:

(1) A definite need exists due to the inability of MBFs and other check cashing facilities to cope with personal check cashing requirements.

(2) Cashing of personal and Treasury checks, and other authorized negotiable instruments, is limited per DoDFMR, Volume 5, Chapter 4.

#### **40-93. Authorized Personnel**

These personnel may use the check cashing services of OCONUS DOs:

*a. Civilians*, other than citizens of the country whose currency is legal tender in the area, directly employed by DoD when authorized by appropriate OCONUS commander.

*b. Personnel attached to the headquarters of any US military unit* when specifically authorized by the appropriate OCONUS commander.

*c. Foreign government military or civilian personnel* authorized by appropriate OCONUS commanders to use US military appropriated fund or NAF activities, but only if the governing Status of Forces Agreement (SOFA) allows collecting amounts of dishonored checks from individuals' pay accounts.

*d. Individuals not included in a-c, above* if they qualify for logistic support.

#### **40-94. Schedule of Foreign Currency Holdings, Military Payment Certificates, and U.S. Dollars**

Each DO with balances of foreign currency or MPCs on-hand at the end of an accounting period must prepare a schedule of foreign currency holdings, military payment certificates, and US dollars, in four copies. Organize the schedule similar to the Statement of Accountability (SF 1219) lines 6.1-6.9 and 11.0. Show on each line the balances of foreign currency, MPCs, and US dollars on-hand. The total of each line must agree with the amounts shown on the related lines on the statement. Include the US dollar equivalent of any such amount in the amounts shown in the "US DOLLARS" and "TOTAL" columns. Show the totals of all columns on line 8.0 that represent the total accountability of the current DO. Send the original and one copy of the schedule to the Director, DFAS-IN, with the SF 1219. Send one copy of the schedule to the MACOM staff FAO for the purpose stated in paragraph 40-45a, and keep one copy in the DO. Negative reports are required only if the DO's account normally involves foreign currency or MPC transactions.

#### **40-95. Foreign Currency and Foreign Currency Control Procedures**

*a. Collections and disbursements.*

(1) Annotating vouchers. When collections or disbursements are made in foreign currency, annotate the US dollar equivalent of the foreign currency on the voucher next to the accounting classification. Show the foreign currency amount and applicable rate of exchange in any other available space on the face of the voucher. If the disbursement is by check written on a foreign depository, show the name of the depository on the face of the voucher.

*(a) Payments required to be made in foreign currencies.* If foreign currency is the specified medium of payment, the commander of the area where the currency is indigenous designates the DO to make settlement. If travel or transportation covered by a Government bill of lading (GBL) or transportation request (TR) originates, terminates, or transits countries in which US-owned foreign currencies are excess or near-excess to the foreseeable needs of the United States, use them to the maximum extent possible to pay the claims.

*(b) Payments in Greek drachmas* Express payments in Greek drachmas without decimal amounts or decimal points (i.e., express 5000.95 as 5000). Noncompliance could result in overpayment or rejected payments.

(2) *Payment due date* Determine the due date for contract payments per Chapter 20.

*b. Exchange or conversion of foreign currency (accommodation exchange)* Foreign currencies found in effects of deceased or missing personnel. Turn foreign currency of monetary value found in the effects of deceased or missing military and civilian personnel (excluding absentees and deserters) in amounts not in excess of 1 month's basic pay and allowances in to the nearest DO for conversion to a Treasury check at the current accommodation rate of exchange. Dispose of the Treasury check per DoDFMR, Volume 5. The summary court officer sends amounts in exceeding 1 month's basic pay and allowances to the Director, DFAS-IN, ATTN: DFAS-IN/FY, Indianapolis, IN 46249-0813 for a decision regarding conversion.

#### **40-96. Report Control Symbol CSCOA-141 (Foreign Currency Transactions) Report**

*a. Use.* This report provides information for the development of overall policy with respect to foreign currency transactions by DOs. These reports are also be used by DA to control foreign financial operations of DOs and render reports to other Government agencies.

*b. Preparing agencies* DOs who held or dealt with foreign currency during a reporting period render an RCS CSCOA-141 report. Negative reports are required when the DO's account normally involves foreign currency transactions. DOs submitting occasional intermittent reports indicate that further reports will be submitted only if foreign currency transactions occur. Reports on foreign currencies acquired from US DOs located at American

embassies or legations without payment of dollars are not required.

*c. Frequency, routing, and due date* Prepare this report at the end of each calendar quarter or when rendering a final statement of accountability. Send the report by message to the DIR, DFAS-IN, INDIANAPOLIS IN//DFAS-IN/A// to be received by 1700 hours of the 26th calendar day of the month after the quarter covered by the report. Send an information copy to the MACOM staff DO.

*d. Preparation instructions.*

(1) *Information required from agents* An agent provides timely information concerning foreign currency transactions and balances for inclusion in the parent DO's report. Detailed information should be available in the agent's financial returns submitted to the parent finance office per paragraph 40-24.

(2) *Detailed instructions.*

(a) Use these column headings:

1. A-Currency purchased,
2. B-Number of units purchased,
3. C-Dollar equivalent,
4. D-Average exchange rate, and
5. E-Dollar outlay for accommodation exchange.

(b) Use these stub entries:

1. *Purchase from outside the US Government* List each currency purchased. The values consist of the purchase of currency and coin used both for official disbursements and accommodation exchanges, Treasury checks written in exchange for foreign currency deposits to depository accounts, and Treasury checks written in exchange for foreign currency bank drafts/ transfers in payment of vouchers. Do not report foreign currency acquired through collections or from other US DOs. Col E includes items such as conversion of foreign currency into dollars when a soldier is returning to CONUS; these amounts are already included in cols B and C.

2. *Foreign currency balances on-hand at end of period.* List the values by type of foreign currency of the total reported on the RCS CSCFA-302 for the last month of the quarter as special code 6. These values include (as applicable) cash on deposit in depository accounts, cash on hand, and cash in the custody of agents. Use the same data to prepare the statement of accountability portion of the RCS CSCFA-302 Report and the RCS CSCOA-141 Report.

3. *Report of foreign currency collected into miscellaneous receipt accounts* Include foreign currency collections credited to miscellaneous receipt accounts. Extract data manually from applicable collection vouchers since it is not available from accounting records/reports.

#### **40-97. Use of Excess and Near-Excess US-Owned Foreign Currencies**

*a. Requirement.* These instructions apply to US-owned foreign currency holdings excess or near-excess of foreseeable needs. Army components

should use them whenever feasible to liquidate appropriated fund and NAF obligations for:

- (1) Salaries and allowances;
- (2) Travel, transportation, per diem, and related expenses of DoD personnel, family members, employees of contractors, or others whose travel is for official Government business;
- (3) Accommodation exchanges for all authorized personnel; and
- (4) Contract procurement of supplies and services. See the FAR. as amended.

*b. International finance policies and procedures for use of US-owned foreign currencies.*

(1) *Policy.* DoD policy is to use excess and near-excess foreign currencies held by the Treasury for any program, project, and activity or purpose for which the use of those currencies is authorized. See DoDFMR, Volume 5, Table 12-1. Use these currencies to meet obligations not required to be paid in US dollars in the countries concerned.

(2) *Acquisition and use* Use US-owned foreign currencies before acquiring currencies from non-US sources. Recognizing that local peculiarities, customs, and regulations enacted by foreign governments present various possibilities for the use of US-owned foreign currencies, DOs dealing in excess and near-excess currencies should consider all such possibilities and employ all legal and appropriate measures locally available to increase the use of US-owned foreign currencies to conserve expenditures of US dollars.

(3) *Accommodation exchange services.*

(a) DOs providing accommodation exchange services should advise DA personnel and others authorized to use the services regarding local customs and regulations on currency. Caution them to purchase only the amount required for anticipated needs, as DOs are prohibited from purchasing foreign currency from individuals except as authorized by paragraph 40-95b. US-owned foreign currency purchased by accommodation exchange offers the most favorable rate legally available in the countries. Occasionally, remind all personnel to purchase foreign currency from US Government-approved accommodation exchange facilities, avoid illegal monetary transactions, use US Government provided facilities rather than foreign facilities, and limit their dollar expenditures on the local economy to the absolute minimum.

(b) When a military finance office is not available in a particular excess or near-excess currency country, US finance offices at the appropriate American Embassy or cashiers at US Consulates provide accommodation exchange services.

*c. Scope.* The policies and procedures stated in the FAR, DoDFMR, Volume 5, and AR 55-47 (Use of United States Owned Foreign Currencies in the Procurement of Transportation and Related Costs), as supplemented by this regulation, concern all DoD components and will be used to the extent consistent

with foreign government laws and regulations, and status of forces and other intergovernmental agreements. The scope of these policies and procedures is limited to US-owned foreign currencies that have been determined by the Treasury to be excess or near-excess. They do not relate to procurements funded from Special Foreign Currency Program appropriations.

*d. Availability of excess and near-excess foreign currencies.* Treasury-owned foreign currencies are not available "free." They must be purchased and when disbursed must be recorded as expenditures of appropriated or nonappropriated funds. The authorized uses of the currencies depend on the terms of individual agreements signed with each foreign government under the Agricultural Trade Development and Assistance Act of 1954, (chapter 469, PL 83-480), and other Acts of Congress. The currencies of excess currency countries are available for all of the uses indicated in paragraphs a and b. above, except as otherwise indicated in this regulation, AR 55-47, the FAR, or DoDFMR, Volume 5.

*e. Use of US-owned excess foreign currencies for travel, transportation, per diem, and related costs*

(1) *Limitations* The agreements with the countries currently listed in DoDFMR, Volume 5, Table 12-1 include provisions for the use of US-owned excess currencies for official travel and transportation purposes, although the specific limitations on their use differ from country to country.

(a) In general, there are no limitations on use of these currencies for travel expenses, including subsistence and transportation costs when the travel or transportation purchased starts in the excess currency country.

(b) Some limitations exist on the use of excess currencies for travel and transportation costs incurred in movements ending in or transiting excess currency countries.

(c) Most agreements provide for connecting air travel in CONUS as part of the authorized international travel.

(2) *Documentation* Use the same documents and procedures to purchase travel and transportation tickets or services payable in excess foreign currencies as for US dollars. In issuing and exchanging TRs, GBLs, transportation warrants, or other procurement documents, clearly state that the bill is payable in foreign currency. When this notation on payment in foreign currency is omitted, the carrier may demand payment in US dollars. The transportation office maintains a current updated file of all authorized certifying officers. The BILL TO portion of the TR, GBL, transportation warrant, or other procurement document must include:

(a) The name of the requesting agency: Department of the Army.

(b) The address to be billed: c/o American Embassy, (city), (country), and

(c) The instruction on payment: Payment to be made in applicable foreign currency.

(3) *Transmittal of documents or correspondence.*

Send documents or correspondence pertaining to international travel or transportation payable in excess or near-excess foreign currency requiring transmittal to the American Embassy shown in the BILL TO space on the TR, GBL, transportation warrant, or other procurement instrument as follows:

(a) Mail documents or correspondence originating in CONUS to the designated American Embassy, c/o Department of State, Washington, DC 20520.

(b) Send documents or correspondence originating at or mailed from points outside CONUS through official channels (American Embassy or nearest US Consulate in the country where mailed) whenever possible with, "Please send via Diplomatic Pouch to the American Embassy, (country)." printed on an inside envelope containing the documents: Use APO addresses when available. Deliver documents personally to an American Embassy or Consulate for sending to another country if possible as opposed to using open mail.

(4) *Payments made by US finance officers.*

(a) *Payment of vouchers* US finance officers at American Embassies in excess currency countries pay travel vouchers and travel and transportation invoices received from carriers payable in foreign currency. Department of State certifying officers at those locations have been delegated authority, through the Financial Services Division, Department of State to certify vouchers against Army appropriations cited on TRs, GBLs, transportation warrants, or other documents, e.g., travel orders issued by Army activities.

(b) *Reporting and distribution of expenditures* The US finance officer at each Embassy should mail the monthly SF 1221 (Statement of Transactions According to Appropriations, Funds, and Receipt Accounts (Foreign Service Account)) covering expenditures made for Army, together with the originals and two copies of vouchers and supporting documents to the Director, DFAS-IN, ATTN: DFAS-IN/A, Indianapolis, IN 46249-1326 for distribution of the charges shown on SF 1221 to the appropriate fiscal stations.

*f. Use of US owned near-excess foreign currencies for payment of contracts.* Use these currencies to

pay for contracts for supplies and services whenever feasible. However, the contracts may not be made payable in near-excess foreign currencies if the dollar cost would exceed the low-cost responsive contract bid or offer made in US dollars only. The lowest responsive contract bid or offer providing for payment in whole or in part in a near-excess foreign currency that does not exceed the lowest responsive offer in US dollars is preferred over the US dollar offer. Accordingly, DOs need only the procurement officer's certification that it was not feasible to use US-owned near-excess currency when paying for

contracts to vendors in near-excess currency countries. Attach the original and one copy of each certificate to the March 31 and September 30 SFs 1219.

*g. Effect of foreign currency designation changes on contract payments.*

(1) *When currency is declared excess or near-excess* If the currency of a country is declared excess or near-excess before any or all payments under contracts, specifying payment in US dollars, that were let before the currency was excess or near-excess, ask the contractor to accept subsequent payments in the applicable indigenous currency. If the contractor does not agree, pay in US dollars. Consult the contracting officer regarding other possible criteria that might affect payment.

(2) *When currency is declared no longer excess or near-excess.* If the foreign currency of the country is no longer excess or near-excess when payments are made under a contract specifying payment in that currency, payments may be made either in that currency or US dollars provided the use of US dollars is not otherwise prohibited.

#### **40-98. Foreign Transaction Accounts**

*a. Overview* Each DO maintaining accounts of foreign currencies that have been codified by the US Department of the Treasury for accounting and reporting purposes as foreign transactions accounts prepare separate DD Forms 1363 (Statement of Transactions and Accountability) using Intra-agency Report Control Number 1208-TD(MO) for each accounting period and for each type of currency (e.g., Spanish pesetas and Turkish lira). Prepare separate forms for each service code (e.g., 21-9FTXXX, 57-97FTXXX, 97FTXXX, and 20FTXXX). The DO responsible for the transactions and maintenance of the accounting records signs and dates each statement.

*b. Preparation* Show all amounts in foreign currency units. Prepare each form in an original and three copies (additional copies if required by the installation) as follows:

(1) *Headings* Self-explanatory.

(2) *Col a, FUND ACCOUNT SYMBOL* Official symbol number of the fund account(s) for which related transactions and/or balances being reported.

(3) *Col b, TRANSACTION* Brief description of the transaction (e.g., "transfer from 20FT680; disbursements; interest collections").

(4) *Col c, BALANCE FORWARD* Amount in col h on the last previous statement submitted.

(5) *Col d, TRANSFERS* Amount received during the current period from the US finance officer, or designated DoD DO.

(6) *Col e, INTEREST* Amounts received as interest collected on bank deposits.

(7) *Col f, DISBURSEMENTS (NET OF REFUNDS).* Amounts disbursed on vouchers, by cash or check.

Treat total refunds received as a reduction in the amount.

(8) *Col g, TRANSFERS* Amount transferred during the current period to the US finance officer or special designated DoD DOs. Transfer out any interest collected on bank deposits during the current period (reported in col e) and report in this column. Attach a schedule showing all transfers if there is more than one transfer in the same account during the period.

(9) *Col h, BALANCE-END OF PERIOD* Balance of each fund account for which the DO keeps accounts for foreign currencies. The balances must agree with DO records.

*c. Analysis of balances due the United States* Place an analysis of cash balances for which the DO is accountable on the reverse of the form. State the amounts in foreign currency units. Leave the US DOLLAR EQUIVALENT column blank. The total amount reported in the FOREIGN CURRENCY column of the analysis must agree with the amount shown in column h on the face of the statement for all fund accounts.

*d. Distribution.* Send the original and two copies of the form, together with the original and one copy of each voucher, to the Director, DFAS-IN, ATTN: DFAS-IN/AA, Indianapolis, IN 46249-1301 to arrive by the 8th business day of the month following the month being reported. Keep one copy in the DO.

#### **40-99. Advancing Funds to Personnel of Friendly Foreign Armed Forces on a Reciprocal Basis**

*a. Limitations.* US Armed Forces disbursing officers may not perform financial services for the armed forces of a friendly foreign nation or request the same of a friendly foreign nation's armed forces. These procedures are only to overcome temporary emergencies that may result from military operations during both peace and war without limitation as to geographical area.

*b. Reason for advancing funds* The exigencies of military service may cause components of the armed forces of one of the signatory parties to an inter-governmental agreement to become temporarily separated from their parent force. The DO or commanding officer of the separated components may thus be unable to obtain funds from his or her own parent force. However, such components may be in an area where the armed forces of the other signatory party are present and able to provide emergency financial assistance. The finance or commanding officer (or senior soldier) of separated components may obtain an advance of funds sufficient to meet immediate needs from a finance officer of the other signatory nation's armed forces upon presentation of acceptable personal identification.

*c. Policy.* When it appears that joint operations may create a need for reciprocal financial support, DoD initiates negotiation of a basic agreement with the government of any friendly foreign nation whose



armed forces are or may become engaged in joint operations with the US Armed Forces. The OCONUS commander may recommend that basic agreements be negotiated with friendly foreign nations. Submit these recommendations to the Director, DFAS-IN ATTN: DFAS-IN/AM, Indianapolis, IN 46249-2201.

*d. Procedures*

(1) *Basic agreement* Army commands will be advised when a basic agreement has been negotiated with a friendly foreign nation's armed forces and that they may enter into a supplemental agreement with the commander of that nation's armed forces in the area of operations. Send a copy of the supplemental agreement to the Director, DFAS-IN ATTN: DFAS-IN/AM, Indianapolis, IN 46249-2201.

(2) *Supplemental agreement* This agreement includes the guidance in DoDFMR, Volume 5. It provides the operational procedures to be followed by concerned personnel of the respective armed forces for requesting and granting advances of funds and for settling the advances. When it is not feasible to process settlement of advances in the area of operations, include the address of the Army's departmental settlement officer (Finance and Accounting Officer, Military District of Washington (MDW), Washington, DC, 20315) in the agreement and send a copy of the agreement to MDW.

(3) *Requesting an advance* Under the conditions and for the purposes indicated in paragraph 40-99b, the appropriate person of a separated component may act as borrower agent and request an advance from the nearest finance office of a friendly foreign nation that has agreed to make advances. State in the request the number of personnel for whom the advance is needed, as well as other needs to be met.

(4) *Type of currency advanced* State clearly on all documents prepared in connection with the advance the type and amount of currency advanced to a borrower agent. When a DO makes an advance in a currency other than that of his or her own nation, he or she computes the value of the advance in his or her own national currency and enters the resulting amount, with the applicable exchange rate, on the advance document.

(5) *Obtaining clearance to make an advance* When an Army DO receives a request for an advance, he or she informs the US Forces settlement officer by telephone or other available means of the requester's identity, nationality, organizational unit, the number of troops involved, and the amount of funds requested. Whenever feasible, the US Forces settlement officer contact the requester's settlement officer or other appropriate official of the requester's own force to advise of the request for and scope of the advance and obtain verification that the advance should be made. On receiving verification, instructs the DO to make the advance. Inability to contact the appropriate official of the requester's own force does

not preclude making an advance when otherwise proper.

(6) *Receipt for an advance* Prepare a receipt for an advance per DoDFMR, Volume 5, paragraph 030501 C3 to be signed by a borrower. Provide for a bilingual format of the receipt in the supplemental agreement if necessary. Verify the identity and signature of the borrower with his or her personal identification.

(7) *Settlement of advances* Settlement officers designated in the supplemental agreement settle advances locally by cash or check whenever feasible. Otherwise, representatives of the signatory nations to the basic agreement settle advances, either in Washington, DC, or other designated location. Don't offset vouchers or documents of one nation's armed forces participating in such transactions against those of the other participating nation's. The lender nation's settlement officer bills the borrower nation's settlement officer for advances made to the borrower nation's agents, stating the value of the advances in his or her own nation's currency as shown on the related voucher, and requests reimbursement in that amount. US Army settlement officers may not accept foreign currency in reimbursement for advances made in US currency. They may accept the type currency in which an advance was made if the US dollar value of the advance is fully reimbursed at the rate of exchange applicable on the settlement date. The borrower nation is responsible for differences that result from exchange rate fluctuations. Settle accounts within 30 days of an advance.

*e. Advancing funds to borrower agents of friendly foreign armed forces.*

(1) *Making the advance* Under the conditions and for the purposes indicated in paragraph 40-99, an DO may advance, within the limits of his or her capability, funds to a borrower agent of friendly foreign armed forces who provides satisfactory identification. However, when feasible before making the advance, the DO obtains clearance to make the advance per paragraph 40-99. When otherwise proper, document the advance on SF 1034 prepared in at least five copies. Prepare additional copies as required. Enter "ADVANCE OF FUNDS TO (name of country)" on the voucher in bold letters. Enter the borrower agent's name, rank, service number, title, organization, and mailing address in the spaces provided for payee identification. Show the purpose for the advance, type and amount of the currency advanced, US dollar value, and rate of exchange when applicable. Obtain the signature of the borrower agent on all copies and verify it by comparison with his or her personal identification. The borrower agent must furnish the supporting document indicated in (2), below, when appropriate, before receiving the advance.

(2) *Supporting documentation* When part or all of an advance is to pay troops, the borrower agent prepares an emergency payment roster in original and two copies indicating the name, rank, identifying

number (if any), organization, mailing address, and amount of pay each member is to receive. The DO keeps one copy on making the advance and attaches it to the copy of the SF 1034 used to obtain settlement from the borrowing agent's armed force.

(3) *Distribution of SF 1034* The DO keeps the original and at least three copies for required processing or accounting and settlement action. Give one copy to the borrower agent for action required by regulations of his or her own nation's armed forces.

*f. Accounting for advances of funds to the armed forces of friendly foreign nations* Use a special advance account entitled "Advances to Armed Forces of Friendly Foreign Nations" to record, control, and report such transactions. See Chapter 22, which prescribes:

(1) Charging advances to the current Military Personnel, Army (MPA) Appropriation, using account code FY-9970 and purpose code P970-41 (e.g., 21\*2010 FY-9970 P970-41 SXXXXX. Do not use open allotment designation (S99999) for advances).

(2) Processing collections received to settle advances as appropriation refunds.

(3) Verifying and reporting outstanding balances at the end of each calendar month. Carry any outstanding balance in the special account at the end of a fiscal year forward to the next fiscal year.

(4) Processing the original and one copy of SF 1034 signed by a borrower agent by the DO for accounting and control requirements.

*g. Obtaining settlement of advances made to friendly foreign armed forces.*

(1) *Action by DO* The DO initiates settlement action for an advance made by him or her to a borrower agent of a friendly foreign armed force by sending two copies of SF 1034 and, when payment of troops is involved, the retained copy of the payment roster to the Army settlement officer by letter requesting that refund be obtained from the friendly foreign armed forces settlement officer. The DO updates his or her suspense file and adjusts the accountability on receipt of a copy of the collection voucher (2, below). The servicing accounts office does this for non integrated FOs.

(2) *Action by Army settlement officer* Upon receipt of the DO's letter with enclosures, the settlement officer sends one copy of SF 1034 and, when applicable, the copy of the payment roster, by letter invoice to the settlement officer of the friendly foreign armed forces and requests refund of the advance. On receipt of the refund, the settlement officer processes it on DD Form 1131 as a TFO, citing the accounting classification on the SF 1034, and distributes the DD Form 1131. Cite the voucher number, DSSN shown on the related SF 1034, and other pertinent information in the "DESCRIPTION OF PURPOSE" entry on DD Form 1131.

*h. Obtaining advances of funds by US Army borrower agents from DOs of friendly foreign armed forces.* Disbursing officers of friendly foreign armed

forces, whose government has made a basic agreement with the United States, may advance funds to components of the US Armed Forces within the limits of their capability under conditions and for purposes indicated in paragraph 40-99. The supplemental agreement includes:

(1) *Format.* Identify the format to be used in making an advance to a US Armed Forces borrower agent and include a sample of it in the supplemental agreement. Prepare the form in enough copies, conspicuously marked, "Advance of Funds to the United States of America," to satisfy the fiscal requirements of both nations' armed forces; include information identified in DoDFMR, Volume 5, paragraph 030401 C3. Process it in substantially the same manner as a disbursement voucher.

(2) *US Armed Forces borrower agent duties* When all or part of the advance is used to pay personnel, the borrower agent prepares an emergency payment roster in an original and two copies, and furnishes one copy to the DO making the advance. Show the name, rank, SSN, organization, mailing address, and the amount to be paid to each soldier. Sign all copies of the receipt for the advance, keeping one copy. Obtain receipts for all purchases of supplies or services paid for from the advance. On paying soldiers, obtain each soldier's signature on the original of the payment roster. The DO issues to the borrower a receipt for items turned in. The advance to the United States borrower is public funds for which he or she is accountable. If a loss of funds occurs through his or her fault or negligence, he or she may be held pecuniarily liable and be subject to withholding of pay. As soon as feasible, turn in or send the items listed in (a)-(d), below to the DO servicing his or her unit.

(a) Copy of the receipt for the advance,

(b) Original and copy of applicable emergency payment roster,

(c) Receipts covering purchases of supplies or services, and

(d) Any residual amount remaining from the advance.

(3) *US Armed Forces settlement officer duties* On receipt of a request from the friendly foreign forces settlement officer to refund an advance to a US Armed Forces borrower agent, the settlement officer determines from the supporting documents which DO services the affected US unit. The settlement officer prepares SF 1034 charging the special account, "Advances Received by US Army from Friendly Foreign Nations, 21\*2010 FY-9975 P975-41 SXXXXX", cites his or her own fiscal station, and makes the refund to the friendly foreign forces settlement officer. Indicate under "ARTICLES OR SERVICES" on the SF 1034 that the refund is being made for an advance obtained by (name, rank, SSN, and organization of US Forces borrower agent) per attached document. Send two copies of the SF

1034, a copy of the borrower agent's receipt for the advance, and a copy of the payment roster (if applicable) to the DO for action indicated in (4), below.

*(4) US DO duties.*

(a) Compare the copies of the receipt for the advance and the payment roster received from the settlement officer as attachments to SF 1034 to the related documents turned in by the borrower agent and:

1. Process collections for amounts advanced to soldiers as shown on the emergency payment roster. Use the remark, "Adv funds (date) (name of country)," and the accounting classification and fiscal station of the US Forces settlement officer as cited on the SF 1034.

2. Process vouchers for any remainder of the advance charging the appropriations and projects normally chargeable with the type of supplies or services procured as shown on receipts turned in by the borrower agent (e.g., charge subsistence to the current MPA appropriation 21 \*2010 01-2\*\* P1321 SXXXXX) and credit the special advance cited on SF 1034 (e.g., the accounting classification and fiscal station of the US Forces settlement officer).

(b) If the borrower agent and/or his or her records of the transaction are not obtainable or have become lost because of military operations, base your action on the copies of SF 1034 and attachments received from the settlement officer:

1. Process collections for amounts advanced to soldiers in the same manner as indicated in (4)(a)1, above.

2. Process a voucher for any remainder of the advance as charging the current MPA appropriation 21\*2010 01-2\*\* P1321 SXXXXX for subsistence and supplies and crediting the special advance account cited on SF 1034 (i.e., the accounting classification and fiscal station of the US Forces settlement officer). This may require correction if the borrower agent's records subsequently become available. Then, process adjustment vouchers for any of the remainder of the advance charged to 21\*2010 01-2\*\* P1321 SXXXXX that would have been charged to other appropriations and projects for supplies and services per (4)(a)2 above, as charges to those appropriations and projects and credits to 21 \*2010 01-2\*\* P1321 SXXXXX.

#### **40-100. Restrictions on Financial Transactions With Foreign Countries and International Organizations**

*a. Overview.* This section states the US Department of the Treasury's policy on the use of US Government funds in international programs that have a potential impact on interest costs to the US and in the foreign exchange area. They include transactions with foreign countries and international organizations involved in bilateral programs e.g.,

procurement, co-production, grants, or other transactions of a significant nature that require:

- (1) The outlay of US dollars or foreign currencies,
- (2) The in-flow of funds from foreign countries, and
- (3) The exchange of US dollars and foreign currencies.

*b. Negotiating financial arrangements.*

(1) Except for arrangements for the sole purpose of implementing US international monetary policy, departments and agencies observe the following policies to ensure that:

(a) US dollars are kept in the account of the US Treasury as long as possible to minimize interest costs on the public debt,

(b) Interest on Federal funds is not used to subsidize program activities, and

(c) Arrangements with foreign countries and international organizations accommodate the financial policies and procedures of each participating country or organization to the maximum extent feasible.

(2) The policies are:

(a) The US Government will not permit the withdrawal of dollars from the US Treasury for any program management organization before the need is determined by the actual immediate funding requirements of the recipient organization to carry out the project.

(b) Arrangements that require US funding are negotiated to provide for dollar outlays as close to the need for current program expenditures as possible.

(c) Each program is structured to the maximum practical extent to provide the flexibility required for each participating country or international organization to fund the program in a manner consistent with its own fiscal needs and policy considerations.

(d) The US Government's share of funding required to support a program is obtained by appropriation. None of this funding may be derived from interest earned on US contributions.

(e) Each request from a foreign country or international organization for the temporary deposit and safekeeping of dollars in trust in a Treasury account is decided on its own merit based on the reasons therefor, the specific financial arrangements proposed, and the relevant US Government political and general financial considerations.

(f) Unless otherwise required by law, the US Government doesn't invest funds on behalf of a foreign country or international organization when its receipt of such funds would serve as the basis for creating contract obligation authority for one of its departments or agencies.

(g) Application of these general policies in negotiations with foreign countries and international organizations are not compromised by administrative practices of US Government departments or agencies. Existing practices should be altered or

revised to achieve the principles of the funding policy.

*c. Exchange of US dollars for foreign currencies.* Agencies other than those specifically responsible for dealing with the value of the dollar in foreign exchange markets (i.e., Treasury and Federal Reserve), should avoid holding foreign currency balances in excess of immediate working requirements. Foreign exchange transactions by US Government agencies should not give the appearance of currency speculation in the exchange markets. When exchanging US dollars for foreign currencies, observe the following guidelines applying to all exchanges except those entered into for the sole purpose of implementing US international monetary policy:

(1) All exchange of dollars for foreign currencies must be conducted for "spot" delivery. Forward contracts or purchase at negotiated rates directly from foreign governments or private contractors may not be used.

(2) Don't exchange US dollars for foreign currencies before the foreign currency is needed for immediate funding requirements.

(3) Avoid any appearance of currency speculation.

(4) The program agencies involved (US or foreign) are responsible for any change in program costs resulting from the foreign currency denomination of international financial arrangements.

(5) Government agencies desiring to reduce exchange risks for the United States in international programs should take steps listed in (1)-(2), below. If they aren't feasible, they should enter into appropriate financial arrangements using a multiple-currency "unit of account" that includes the dollar as one of the currencies to the extent possible per (6), below.

(a) A larger portion of the program expenditures are in CONUS.

(b) Additional financial arrangements are dollar denominated.

(6) The US dollar is the preferred currency for use in international financial arrangements, except when US Government-owned excess or near-excess currencies can be used. If the only alternative to the US dollar is a foreign currency, consultation with the Treasury on using a multiple currency unit of account that includes the dollar as one of its bases (e.g., the International Monetary Fund's (IMF) "Special Drawing Right (SDR)," the exchange value of which is determined by the IMF based on a group of currencies (including the US dollar) with each of the currencies assigned a weight in determining that value.

*d. Policy exceptions* Consult with the Treasury as early as possible when negotiating agreements involving foreign payments by the Army. Send these arrangements to the Director, DFAS-IN ATTN: DFAS-IN/AM, Indianapolis, IN 46249-2201 for coordination with the Office of the Under Secretary of

Defense for Research and Engineering (OUSDRE) before final negotiation. OUSDRE obtains other OSD coordination as appropriate.

## **Section XVII**

### **Depository Checking Accounts in Overseas Areas**

#### **40-101. Establishment of Depository Checking Account**

*a. Procedures for opening depository checking accounts.*

(1) MACOM commanders:

(a) Control establishment and maintenance of accounts,

(b) Advise depositories of the contents of this regulation, including a statement that such accounts are subject to the requirements of this chapter, and

(c) Give depositories a copy of this regulation.

(2) Establish accounts only in a banking institution designated as a U.S. depository. MACOM commanders may grant exceptions to this restriction in emergencies, furnishing complete details by message to the DIR, DFAS-IN, INDIANA-POLIS, IN//DFAS-IN/AM. Establishing more than one non-US currency account in the same country for transactions reported on the same SF 1219 requires MACOM commander approval and appropriate distinction among the accounts. Establishing US-dollar depository accounts requires Deputy Director, DFAS-HQ approval.

(3) Advise the Director, DFAS-IN, ATTN: DFAS-IN/AM promptly of the opening and closing of accounts. Include the name and location of the depository, the name and title of all individuals authorized to issue checks on the account, and the type of account established (e.g., Yen, Deutsche Mark, etc.).

*b. Agent officer checking accounts* Agent officers may not open depository checking accounts except when the MACOM commander determines their establishment is necessary to facilitate finance operations. An agent sends a request to establish an account through his or her parent finance office for comments or concurrence to the appropriate MACOM for approval. Establish the account in the agent's name for the parent finance officer, e.g., K. D. Andrea, Captain, FC, Agent for B. J. William, Major, FC. Under these conditions, accounts may be established in foreign currency. Follow notification procedures in paragraph a, above.

#### **40-102. Maintaining a Depository Checking Account**

*a. Blank checks*

(1) Procurement of blank checks. Obtain blank checks with overprinting of check number, name of finance office, object for which issued, limitation of negotiability to the payee, and other necessary information from the depository subject to the following limitations:

(a) The cost of blank checks will be reimbursed to the depository for accounts maintained in a depository that is a reimbursable banking facility established by Banks and Credit Unions on Army Installations (AR 210-135).

(b) Coordinate changes in the design, format, or information cited on depository checks with the Director, DFAS-IN before implementation.

(c) When the volume of checks issued is too small to justify overprinting, type or rubber stamp the necessary information on the checks.

(2) *Disposition of unused blank check stock.*

(a) Successor adopts same accounts.

(b) Finance office closure. Return unused blank checks which are the depository's property to the depository for disposition. If the finance office purchased the blank check stock for its use only, destroy the stock using appropriate security procedures.

*b. Depository subsidiary account.*

(1) *Maintenance* Since all transactions involving a depository checking account are treated as cash, keep a depository subsidiary record to DD Form 2663 (Foreign Currency Control record) to identify increases, decreases, balance column, and check numbers. Reconcile this record promptly with monthly statements from the depository. Keep a separate record for each account.

(2) Transactions affecting account:

(a) Depository check for cash.

(b) Cash deposited by the finance officer.

(c) Disbursement vouchers paid by depository checks.

(d) A Treasury check deposited in the depository to increase the balance in the depository checking account.

(e) Money transferred to a finance officer by a deposit made to the depository checking account.

(f) Canceled depository checks.

(g) A check that was deposited and later returned dishonored by the depository.

*c. Checking account balance* Due to the need to reduce the amount of cash held outside of the Treasury, keep depository checking accounts at a zero balance. Accomplish this by preparing a Treasury check daily for deposit to the checking account in an amount that represents the total checks issued for that day on the account. See DoDFMR, Volume 5, Chapters 13 and 14 for situations where a zero balance may not be maintained.

#### **40-103. Depository Statements**

*a. Monthly statement from depository* Arrange to obtain a monthly statement of account from the depository, in duplicate, together with the paid checks. If local laws forbid the return of paid checks, obtain a certified listing of the paid checks (in duplicate) showing the number, date of issue, date of payment, amount, and name of the payee with the

statement of account. The bank's certificate should read, "I certify that the above is a true and correct list of all checks paid by this bank and charged to the account shown in the heading during the period covered by this statement; that the originals of such checks are on file in this bank and by virtue of the laws of (country) are required to be held for (number) years." This certificate should be signed by the appropriate bank official. Non-English certificates must be accompanied by an English translation. Attach the original of the monthly statement, together with either the paid checks or certified listing of paid checks, to the SF 1149.)

*b. Reconciliation of depository checking account.* Reconcile the account immediately on receipt of the monthly depository statement and paid checks or certified listing of paid checks. Certify that the statement has been reconciled with the records and has found it to be in agreement. An agent officer, after reconciling the depository checking account, sends the statement and paid checks, or certified listing thereof, to the parent finance officer.

(1) *Preparation*

(a) On or before the 10th of each month, prepare, for each depository checking account maintained, an SF 1149 (see DoDFMR, Figure 14-1) in three copies for the preceding month using instructions printed on the reverse of the form.

(b) When discontinuing operations at an installation, prepare a SF 1149 and submit it not later than 2 workdays after the closing date to report the checking account balance as of the last day of operations, whether or not this date is the last day of the accounting month or the installation is to continue in operation with a successor. Label this statement, "Final."

(2) *Distribution*

(a) Original and supporting documents indicated in b, above: DFAS-IN with SF 1219, per paragraph 40-87d.

(b) Duplicate: Appropriate MACOM accounts office for use in reviewing the level of cash balances (DoDFMR, Volume 5, Chapter 3) and foreign currency holdings, and for subsequent verification with the related SF 1219.

(c) Triplicate: File with the retained records.

#### **40-104. Spoiled, Voided, Canceled, and Undeliverable Checks**

Dispose of checks returned as undeliverable because of the death or incompetency of payees as indicated in DoDFMR. Send a complete description of the check and the collection voucher to the office responsible for settling the claim, except in cases of incompetent payees. Complete TFS Form 2244 (Undertaking of Indemnity-Substitute Checks) and include it as part of the court certificate appointing an administrator or guardian for incompetent payees. Obtain TFS Form 2244 through forms supply channels. See DODPM, part 4, chap 5 for procedures

for handling claims of deceased members; DODPM, part 4, chap 2, and Vol. 104-3, part 4, chap 2 for procedures for handling claims for amounts due mentally incompetent military members; and Chapters 15 and 19, for procedures for handling civilian claims.

*b. Irregularity after delivery of checks* After taking actions required by DoDFMR, Volume 5, Chapter 14, send the Director, DFAS-IN, ATTN: DFAS-IN/G, Indianapolis, IN 46249-0426, a copy of the letter to the depository, together with pertinent details of the irregularity including the appropriation or fund involved and the amount of over-payment, if any.

#### **40-105. Lost, Stolen, Mutilated, and Destroyed Checks**

*a. Claims for paid depository checks* Refer claims received from payees concerning depository checks paid according to the records of the DO to the Director, DFAS-IN, ATTN: DFAS-IN/AM, Indianapolis, IN 46249-2201.

*b. Disposition of mutilated or defaced checks.*

(1) Checks that cannot be satisfactorily identified. When a check is so mutilated or defaced that it cannot be satisfactorily identified, or if there is any doubt about the validity of the claim, place a stop payment order on the check and issue a replacement (See DoDFMR, Volume 5). Mark the portions of the original check, if of sufficient size, "NON-NEGOTIABLE-REPLACEMENT ISSUED UNDER NO. (number)" and submit it with the SF 1149.

(2) Checks mutilated or defaced to a lesser degree. When a check submitted by the original owner is mutilated or defaced to an extent that renders it nonnegotiable, but it can be satisfactorily identified and any missing portions are insufficient to form a claim against the US, the DO may treat the check as spoiled per DoDFMR, Volume 5, and issue a replacement.

#### **40-106. Adjustment of Check-Issue Differences of \$1 or Less**

Check-issue differences of \$1 or less (or US dollar equivalent in foreign currency) are not liquidated or cleared by normal actions of collections from an overpaid payee, payment to an underpaid payee, or adjustment of the appropriation, but must be recorded as receivables or payables the same as differences of more than \$1.

*a. Clearance of accounts receivable* At the end of each fiscal year, prepare a voucher for the cumulative total of all outstanding check-issue differences of \$1 or less. Charge 21\*2020 and credit accounts receivable.

*b. Clearance of accounts payable* At the end of each fiscal year, liquidate all outstanding accounts payable items for check-issue differences with a US dollar value of \$1 or less with an adjustment voucher. Transfer the cumulative total to 21R1060. Pay

underpaid payees if they submit claims. Transfer only amounts unclaimed for 1 fiscal year.

#### **40-107. Transferring Accountability to Successor, Closing Depository Checking Account, Liquidation of Outstanding Checks**

*a. Transfer of accountability to successor* After reconciliation, send the up-to-date statement of the depository checking account and a copy of the list of outstanding checks to the Director, DFAS-IN, ATTN: DFAS-IN/AA, Indianapolis, IN 46249-1301.

*b. Liquidation of outstanding checks issued on inactive depository checking accounts* The MACOM commander:

(1) Appoints a DO to be the liquidating officer for the command or, when necessary, for each country within the area encompassed by the command;

(2) Sends a copy of each appointment to the Director, DFAS-IN, ATTN: DFAS-IN/BAB, Indianapolis, IN 46249-0476; and

(3) Authorizes the liquidating officer to request from local DOs, depositories, and other interested parties or agencies, any information or assistance required in the liquidating process.

### **Section XVIII**

#### **Potential Claims by and Against Debtors Involved in Bankruptcy/Insolvency Cases**

#### **40-108. Administration of Bankruptcy/Insolvency Cases**

*a.* DFAS-IN administers and coordinates all bankruptcy/insolvency matters within and for DA. Process collections, payments, refunds, actions, reports, and controls per DFAS-IN instructions.

*b.* MACOM and subordinate commanders designate an individual or staff office to ensure coordination of business cases between sub-ordinate components, the DO, the chief of procurement, the transportation officer, and DFAS-IN.

#### **40-109. Notification of Non-Business Cases**

Generally, courts send their notices directly to DFAS-IN. Some courts send notices, orders, summonses, complaints, etc. to Army components listed on the list of creditors before the bankruptcy court. Notify the Director, DFAS-IN, ATTN: DFAS-IN/GL, Indianapolis, IN 46249-0160, on receipt of bankruptcy information from any source. Provide reports, establish controls, process bankruptcy cases, and take related actions per restrictions and limitations outlined in the procedural guidelines provided.

#### **40-110. Notification of Business Cases**

*a. Responsibility* Prompt notification of bankruptcy/insolvency cases is necessary to allow filing of DA claims within statutory or other time limitations. Any Army element, upon becoming

aware of a bankruptcy/insolvency case in which DA has or may have a potential claim by or against the debtor, immediately notifies the commander or his or her designee or staff office. The designee or staff office immediately notifies the legal office, the chief of procurement, and the transportation officer, as appropriate, which in turn immediately notifies the DO and the Director, DFAS-IN, ATTN: DFAS-IN/GL, Indianapolis, IN 46249-0160.

*b. Electronic report.* Send the report electronically to DIR DFAS-IN INDIANAPOLIS IN//DFAS-IN/GL// with information copies to intervening headquarters directly concerned. Include the name and address of the business entity, IRS employer identification number (EIN), and the type of case (e.g., a chapter 7, 9, 11, or 13 case, a State insolvency case which includes a receivership, or an assignment for the benefit of creditors). Identify the U.S. District Court and the bankruptcy court for that district, or the State court, if any; the exact date the petition was filed, or other controlling date; the docket or case number assigned, if any; and specifics of the claim by and/or against the debtor. Report cases involving the debtor which are docketed for decision before the Armed Services Board of Contract Appeals to DFAS-IN. A similar electronic report to The Judge Advocate General, DA (TJAG), is also required per AR 27-40 (Litigation), Chapter 2 if the subject matter of the bankruptcy/insolvency proceeding meets the conditions of that chapter. Include in the report to TJAG the reasons for its submission (e.g., the debtor possesses Government-furnished property, or the bankruptcy court seeks to regain control of funds collected by the Government in satisfying its claim), and a statement of action taken or recommended.

*c. Confirmation.* Confirm the electronic report by memorandum through command channels to the Director, DFAS-IN, ATTN: DFAS-IN/GL, Indianapolis, IN 46249-0160, dispatched concurrently or as soon as possible thereafter. Refer to the electronic report in the memorandum and, to the extent available include:

- (1) A statement of any changes to the electronic report;
- (2) The title of the case and the IRS EIN;
- (3) The type of case (e.g., a chap 7, 9, 11, or 13 case, a State insolvency case which includes a receivership or an assignment for the benefit of creditors, etc.);
- (4) The name and address of the U.S. trustee, court-appointed official, or individual authorized to act in the debtor's behalf in a State insolvency action;
- (5) The identification of the U.S. District Court and the bankruptcy court for that district, or the identity of the State court, if any, as well as the exact date the petition was filed, or other controlling date, and the docket or case number assigned, if any;
- (6) When and how the notice of commencement of the bankruptcy/insolvency case was received,

attaching a copy of the notice as an enclosure to the memorandum;

(7) Date by which any pleading or response is required;

(8) Description of amounts due the debtor earned before the date the bankruptcy/insolvency petition was filed and which are available for application against the debts. Send vouchers covering such amounts per The Army's Bankruptcy Circular Letter; and

(9) The specifics of a claim by or against the debtor. (Also report cases involving the debtor docketed for decision before the Armed Services Board of Contract Appeals to DFAS-IN.)

*d. Followup action.* Advise intermediate headquarters and DFAS-IN of all developments in the case. An election not to complete an open contract may create a Government claim for excess costs of reprourement. If the exact amount of a claim against the debtor was not available for reporting under c, above, DFAS-IN will assist in a preliminary determination of the amount. If an administrative determination is that a debt previously reported as a Government claim no longer exists, report this immediately by message to the DIR DFAS-IN INDIANAPOLIS IN// DFAS-IN/ GL//. Confirm by letter.

#### **40-111. Documentation Required for Proofs of Claim**

When directed by DFAS-IN, refer to the documentation required for the preparation of proofs of claim in business and non-business bankruptcy/insolvency cases as the required "package." Send the supporting and substantiating documentation for preparation by DFAS-IN of the Army's proof of claim in final form in four copies.

*a.* To prevail in a bankruptcy/insolvency case, it is necessary to explain to the individual responsible for the administration or liquidation of the estate of the debtor how the debt arose. Specifically, the Government attorney presenting the claim of the Government must know detailed information and documentation supporting and substantiating the U.S.'s claim.

*b.* To satisfy the "detailed information" requirement, the Army official who is the decision-maker prepares, on plain paper, an itemized statement of the Government's claim in layman's language to present a complete history or chronology of facts outlining the debtor's obligations that resulted in the Government's claim, concluding with the responsible official's decision and signature.

*c.* To satisfy the "documentation supporting and substantiating the claim" requirement, submit properly authenticated copies of relevant documents attesting to the validity of the claim. Index and tab the documentation submitted as exhibits or enclosures to the itemized statement of the Government's claim. As a minimum, these are the

same documents discussed in the itemized statement of the Government's claim (e.g., any contract with modifications, documents, vouchers, letters, etc.). If reprourement of a contract occurred after the bankruptcy/insolvency and excess costs of reprourement are involved, submit the Army official's findings of fact and determination. This document will prove that the liquidator, the receiver, the assignee, the U.S. trustee, the court-appointed trustee, or debtor in possession was given notice of the amount of excess costs of reprourement when the reprourement contract is let, regardless of whether or not final delivery and payment has been made, but without demand for payment of the debt by the Army official.

d. Having considered the requirements of the Department of Justice and the courts, Army officials prepare (on plain paper) the itemized statement of the Government's claim (b, above), and the supporting and substantiating documentation (c, above) properly indexed and tabbed. Send the assembled statement and documentation in quadruplicate to the Director, DFAS-IN, ATTN DFAS-IN/G, Indianapolis, IN 46249-0160.

e. Considering the information in a-d, above, the responsible Army official begins transfer of the accounts receivable to DFAS-IN per Chapter 15.

f. Include the complete accounting classification to be credited on the TL used to submit the required "package."

#### **40-112. DFAS-IN Responsibility**

a. *Transportation service claims* In cases of claims arising from freight and passenger transportation services furnished for the account of the United States, DFAS-IN and other designated offices are responsible for reports to GSA, pursuant to the latter's instructions. No proofs of claim are prepared and executed by DA in these matters, except for U.S. Government freight loss/damage claims under various GBLs. However, claims involving commercial bills of lading or commercial express receipts and commercial procedures rather than the regular GBL and related procedures are not transportation service claims; therefore, transportation officers report any known or potential claims by and against the debtor to DFAS-IN.

b. *All other claims against debtors involved in bankruptcy/insolvency cases* Per the guidance of the GAO, DFAS-IN prepares and executes in the Army's name any preliminary, amended preliminary, or final proofs of claim required to protect the Army's interests. No other DA component executes a proof of claim in bankruptcy/insolvency cases.

### **Section XIX**

#### **Settlement of Claims of Released Prisoners of War and Civilian Internees from World War II**

##### **40-113. Claims and Payers**

This section addresses the settlement of claims regarding DOs' payment orders also referred to as Military Payment Orders (MPOs), certificates of credit, and claims for personal property not returned. These procedures govern the payment of claims of individuals, now released, who were in the custody of the U.S. Armed Forces as prisoners of war (POWs), surrendered enemy personnel, or civilian internees during World War II. They may be nationals of countries with which the U.S. was at war, as well as nationals of various other countries.

##### **40-114. Claims Not Covered**

Refer claims or requests for payment or information not covered by this chapter to the Director, DFAS-IN, ATTN: DFAS-IN/GL, Indianapolis, IN 46249-1060.

##### **40-115. Methods of Settlement**

a. *Settlement by peace treaty* This relieves the U.S. of responsibility to make payment on obligations in paragraph 40-113, as some of the countries who are parties to treaties have renounced all such claims against the U.S. and Allied powers.

b. *Settlement on a Government-to-Government basis* This U.S. pays a lump sum to the foreign government concerned, thus relieving itself of further liability to nationals of that country.

c. *Settlement on an individual basis between the U.S. and the individual concerned* This provides for payment to an individual by a U.S. DO or an authorized agent thereof.

##### **40-116. Settlement of Claims of Various Nationals, Including Those for Unreturned Personal Property**

The time limit for filing these claims expired on September 30, 1980. Return claims submitted after the date with an appropriate explanation.

##### **40-117. Disposition of Cashed Instruments**

a. *Military payment orders (MPOs)* Send questions regarding the cashing of MPOs to the Director, DFAS-IN, ATTN: DFAS-IN/AM, Indianapolis, IN 46249-2201.

b. *Certificates of Credit* Pay for certificates presented by nationals of countries other than those cited in paragraph 40-116 by SF 1034 charging deposit fund account 21X6015.41032 S99999, Funds of Civilian Internees and Prisoners of War, Army. Attach the Certificate of Credit to the original SF 1034. After payment, DFAS-IN sends a copy of SF 1034 to the Director, Deutsche Dienststelle (WASt), for filing with the former POW's records.

c. *Certificate of Entitlement* Pay for these certificates by SF 1034 charging deposit fund account 21X6015.41032 S99999, Funds of Civilian Internees and Prisoners of War, Army. Attach the Certificate of Entitlement to the original SF 1034. After payment, DFAS-IN sends a copy of the SF



1034 to the Director, Deutsche Dienststelle (WASt), for filing with the former POW's records.

#### **40-118. Lost Military Payment Orders and Certificates of Credit**

Send lost, stolen, destroyed, or mutilated MPOs and certificates of credit to the Director, DFAS-IN, ATTN: DFAS-IN/GL, Indianapolis, IN 46249- 1060, for appropriate action.

### **Section XX**

#### **Military Payment Certificate System**

#### **40-119. Objectives**

The purpose of the Military Payment Certificate (MPC) system is to:

a. Provide a currency system for use by U.S. forces stationed OCONUS where U.S. dollars are not used;

b. Protect the financial interests of the U.S. Government by providing a currency which will prevent unauthorized conversion of appropriated dollar funds to foreign currencies and the attendant accumulation of foreign currencies in official accounts in excess of amounts required for official transactions;

c. Prevent transactions that are detrimental to the best interests of the U.S. Government or a foreign government, e.g., transactions that violate local currency exchange regulations or circumvent foreign-imposed import and export tariffs. (The MPC system accomplishes this only if the foreign government prohibits its citizens from possessing MPCs and agrees to police the prohibition.); and

d. Protect the financial interests of authorized personnel located OCONUS by safeguarding the value of personal funds obtained from or through legitimate sources.

#### **40-120. Responsibilities**

The Secretary of the Army administers the MPC system for DoD and is responsible for the policies and procedures concerning the acquisition, custody, and use of MPCs. All regulations or instructions of the military departments and OCONUS joint commands covering MPCs must comply with the general provisions contained in DoDFMR, Volume 5, Chapter 17 and the amplifying provisions contained in this chapter. Submit proposed regulations or instructions through the Director, DFAS-IN, ATTN: DFAS-IN/AM, Indianapolis, IN 46249-2201, to the Director, DFAS-HQ for approval before publication. Send published copies of approved regulations to the approving office.

#### **40-121. Procurement and Distribution**

a. *Shipment.* MPCs received from the Bureau of Engraving and Printing are shipped under security regulations to specific designated areas or kept in custody at DFAS-IN as property until required for use in such areas.

b. *Distribution.* When a reserve series of MPCs from the Bureau of Engraving and Printing is received by DFAS-IN, the Army accountable officer will immediately be advised of the receipt and disposition of the certificates. Similar notification will be given on any supplemental shipment of current series certificates.

#### **40-122. Restrictions on Possession and Use**

a. *Prohibited possession or use.* Possession or use of MPCs is prohibited unless they are acquired per the provisions of DoDFMR, Volume 5, Chapter 17, this chapter, and approved additional guidance issued by the OCONUS joint command commander concerned.

b. *Applicability of directives.* Acquisition, possession, and use of MPCs in normal legitimate transactions within DoD must comply with the provisions of DoDFMR, Volume 5, Chapter 17, this chapter, and approved OCONUS joint command directives.

c. *Acceptance, transfer, or exchange.* MPCs may not be accepted from, transferred to, or exchanged for other than authorized personnel. MPCs may not be accepted or exchanged after the date specified by the Secretary of the Army as the last day for their acceptance or exchange.

#### **40-123. Army Accountable Officer Responsibility**

##### *a. Memorandum accounts*

(1) *Administrative limitations.* Assign each current series of MPCs for which the Army is accountable an administrative limitation, i.e., 21A8815 (461), 21A8815 (471), etc. Assign limitation 21A8815(M) to balances of invalid MPCs.

(2) *Maintenance.* Establish and keep memorandum accounts for each series of MPCs for which dollar backing exists. Balance these accounts at the end of each accounting period in which activity occurs, showing:

(a) Total dollar value of certificates received from the Bureau of Engraving and Printing,

(b) Total dollar value of certificates shipped to each designated area,

(c) Total dollar value of certificates kept for future requirements,

(d) Number and total of destruction schedules received from command accountable officers,

(e) Balance of valid certificates for which each command accountable officer is accountable, and

(f) Other authorizations or documents which would reduce the dollar reserve for which the Army is accountable.

(3) *Verification of balances.* Verify balances shown as shipped to OCONUS areas with amounts indicated on Shipment of Funds (DD Forms 165) received from the command accountable officers. Report any differences between the balances shown in the memorandum records and the amounts shown on DD Forms 165 received from the command accountable officers to the Director, DFAS-IN.

*b. Establishing accountability* Immediately upon receipt of DD Form 165 from the command accountable officer, the Army accountable officer prepares DD Form 1131 in the amount shown on DD Form 165. Process the DD Form 1131 through DD Form 2657 and the accounts of the finance officer as a cash collection, crediting Deposit Fund Account 21A8815 (by limitation), "Reserve for Re-demption of Military Payment Certificates, Army." Use two accountability line codes: 130-Opening Balance, Military Payment Certificates, and 530 Closing Balance, Military Payment Certificates on SF 1219. This allows DOs to segregate MPC accountability and increases the Army accountable officer's accountability. Offset the increase by processing DD Form 165 through the accounting records simultaneously as a "cash transfer to others" item. Sign the original DD Form 165 and return it to the command accountable officer. The "Receipt" portion of DD Form 165 supports the accounts of the Army accountable officer.

*c. Reduction of accountability on destruction of MPCs.*

(1) *Receipt of DD Form 165* Upon receipt of DD Form 165 and supporting documents, the Army accountable officer posts DD Form 165 to DD Form 2657 as a "cash transfer from others" transaction, increasing the receiving officer's accountability.

(2) *Preparation of SF 1034* Simultaneously with the processing of DD Form 165, the Army accountable officer prepares an SF 1034 (no check issued) in the amount of the DD Form 165. Posting this (chargeable to Deposit Fund Account 21A8815) to DD Form 2657 and other accounts reduces the Army accountable officer's accountability and the amount of MPC dollar reserves.

*d. Records and audits.*

(1) *Files* Keep a separate file for each series of MPCs. Include copies of all documents; e.g., memorandum accounts, copies of all DD Forms 165, DD Forms 1131, SFs 1034, copies of letters of authority pertaining to MPCs, etc.

(2) *Record retention* Keep files and records until the balance in the reserve account of any specific series of certificates is closed. The Assistant Secretary of the Army for Financial Management and Comptrollership (ASAFM&C) will issue instructions for removal of balances from the reserve account and disposal of related files and records.

(3) *Periodic review by USAAA* The Army accountable officer asks the USAAA to perform a review and audit of the reserve account as often as necessary. The USAAA reports any transactions appearing to be unusual or questionable as a result of such audit immediately to the Director, DFAS-IN for appropriate action.

*e. Residual balances* Adjust or otherwise clear balances of MPCs outstanding after the date established for the withdrawal from circulation of

each series only upon the specific authorization of the ASAFM&C.

#### **40-124. Responsibility of Command Accountable Officer**

*a. Establishing accountability.*

(1) *Accountability* On the date a reserve series of MPCs is declared legal tender, or upon receipt of a supplemental shipment of current series certificates, prepare DD Form 165 for the total amount of the certificates, process it as a "cash transfer" received from the Army accountable officer, and enter it in DD Form 2657 and other accounts as of the same date.

(2) *DAOs and other accountable DOs* Command accountable officers furnish MPCs to accountable DOs in exchange for Treasury checks. The "cash transfer" procedures prescribed in Section X are acceptable only if issuing a Treasury check is not feasible.

*b. Withdrawal from circulation.*

(1) *Action required* Accountable DOs return MPCs withdrawn from circulation for any authorized reason or replaced by certificates of a reserve series to the command accountable officer for disposition. List the returns by denomination on DD Form 165 (Shipment of Funds). Command accountable officers, after verifying the MPCs returned, issue Treasury checks to redeem them.

(2) *Reconciliation with the DFAS-IN accountable officer.* Command accountable officers, having received MPCs withdrawn from circulation, reconcile them and the amounts previously destroyed with the amount of each denomination received from the DFAS-IN and other command accountable officers, and report the results of these reconciliations to the Director, DFAS-IN, ATTN: DFAS-IN/FJFA, Indianapolis, IN 46249-0813, for reconciliation and for authority to destroy the MPCs.

*c. Destruction schedules.*

(1) *Preparation* On return of MPCs from accountable DOs and authorized area banks, prepare a DD Form 2669, Destruction Schedule, in five copies for each series of certificates to be destroyed. Prepare separate destruction schedules for circulated and uncirculated MPCs, citing the destruction authority on each schedule.

(2) *Submission to destruction committee* Submit the original and three copies of the schedule with the certificates to be destroyed to the destruction committee.

*d. Reducing accountability*

(1) *DD Form 165* The command accountable officer, on receipt of the certified destruction schedules from the destruction committee, prepares DD Form 165 for the total amount of the destruction schedules and sends it to the Director, DFAS-IN, ATTN: DFAS-IN/FJFA, Indianapolis, IN 46249-0813.

(2) *Supporting documents* Attach to each DD Form 165:

(a) Destruction schedule (three copies or each); and

(b) Copy of letter from commander appointing the destruction committee (three copies).

(3) *Receipt of accountability* Process this transaction as a "cash transfer to others;" take credit for it and reduce accountability only after receiving the signed receipt from the DFAS-IN accountable officer.

*e. Records and audits.*

(1) *Files* Keep a separate file for each series of MPCs. Include copies of all documents pertaining to receipts from or shipments to the DFAS-IN and other command accountable officers, e.g., DD Forms 165, DD Forms 2669, and other shipping documents pertaining to receipts from or shipments to the DFAS-IN or other command accountable officers.

(2) *Memorandum records* Keep memorandum records for each series of MPCs, to include:

(a) Total dollar value of certificates received from the DFAS-IN and other command accountable officers.

(b) Total dollar value of each denomination of certificates received from the DFAS-IN and other command accountable officers.

(c) Total dollar value of certificates on-hand by denomination.

(d) Total dollar value of certificates in circulation by denomination.

(e) Number and total value of destruction schedules sent to the DFAS-IN accountable officer, showing on the schedules the total value of each denomination of certificates destroyed, and post-ing them to the appropriate memorandum record.

(f) Balance of certificates on-hand and in circulation.

(g) Other authorizations or documents reducing or increasing the amount of certificates in circulation.

(h) Balance the memorandum records at the end of each accounting period in which activity occurs.

(3) *Retention of records* Keep these files and records until liquidation of the outstanding balances in each denomination of each series, or the records closed by authority of the DFAS-IN accountable officer. Dispose of the files and records per AR 25-400-2.

(4) *Review and audit.* The appropriate OCONUS joint command commander appoints a disinterested person to review and audit the memorandum records as often as necessary, but not less often than semiannually. Report transactions appearing to be unusual or questionable to the appointing commander.

#### **40-125. Destruction of Military Payment Certificates**

*a. Authority.* The ASAFM&C issues instructions on MPC destruction.

*b. Valid series.* Each OCONUS Army MACOM commander may destroy mutilated and/or decomposed MPCs of the series currently valid.

*c. Invalidated series.* Command accountable officers may destroy invalidated MPCs withdrawn from circulation and received per paragraph 40-124b only after reconciliation with the DFAS-IN accountable officer and receipt of specific authorization from DFAS-IN.

*d. Reserve series.* Under emergency conditions, the command accountable officer may destroy reserve series per DoDFMR, Volume 5, Chapter 18.

### **Section XXI**

#### **Relationship with General Accounting Office**

#### **40-126. Decisions of the Comptroller General**

*a. Statutory provisions.*

(1) *Balances certified by the Comptroller General.* Balances of funds for which DOs are accountable are final and conclusive on the executive branch when certified by the Comptroller General (31, USC 3526).

(2) *Review of GAO actions* DOs in whose accounts GAO has raised objections may request Comptroller General review of the action. (See 31 USC 3529 and 1 CG 775.)

*b. Types of decisions.*

(1) *Advance decisions* These address questions on proposed payments.

(2) *Decisions in the nature of reviews* These address:

(a) Questions raised following payment and action by GAO in response to requests that seek to set aside the GAO action.

(b) Requests from claimants seeking to set aside GAO disallowance of claims sent to it for direct settlement.

(3) *Decisions on motion of the Comptroller General.* These are Comptroller General initiatives addressing questions arising during the conduct of activities of his or her office.

*c. Request for advance decisions.*

(1) *See DoDFMR, Volume 5, Chapter 25, Section 2501.*

(2) *By DOs and deputies.*

(a) Deputies may submit a request only during a prolonged absence of the DO. Include the authority line, "For and in the absence of the Finance Officer," and the DOs signature block, with the deputy's own signature, in the request.

(b) Procedures.

1. If the voucher is for \$100 or less, send the request to the Director DFAS-IN, ATTN: DFAS-IN/FJA, 8899 East 56th Street, Indianapolis, IN 46245-0501 (for military pay) or DFAS-IN/AM (for travel), Indianapolis, IN 46249-2201. Attach a copy of the DFAS-IN advice to the voucher. The propriety of such payment is conclusive on GAO in its settlement of the accounts involved.

2. If the voucher is for more than \$100, send the request through command channels and the Director, DFAS-IN (addresses in (1), above) to the Comptroller

General of the United States, Washington, DC 20548.

3. For contract and procurement matters, see Chapter 20.

(c) Include in requests for advice or advance decisions:

1. A statement that the requesting officer is an accountable DO and that the voucher or document submitted has been presented to him or her for payment,

2. A clear, concise statement of the facts and the reason for doubting the validity of payment,

3. A request that the Comptroller General or the Director DFAS-IN render a decision,

4. Signature of the accountable DO or deputy. See c(2)(a), above,

5. Completed voucher or document (signature not required) showing the amount due and appropriation chargeable for the proposed payment, and

6. Other pertinent supporting papers.

(3) *By other than an accountable DO* Only MACOM commanders or heads of departmental staffs or services desiring advance decisions from the Comptroller General may request them over their personal signatures.

(a) *Pay and allowances* Send requests for advance decisions on pay and allowances by memorandum containing a complete statement of the facts and including related papers to the Director, DFAS-IN, ATTN: DFAS-IN/FJA, Indianapolis, IN 46249-0501.

(b) *Travel allowances* Send requests for advance decisions on travel allowances by memorandum containing a complete statement of the facts and including related papers to the Director, DFAS-IN, ATTN: DFAS-IN/AM, Indianapolis, IN 46249-2201.

d. *Action on vouchers pending receipt of decision.* Do not process any voucher for payment if a question on that voucher is the subject of a request for an advance decision (Comptroller General Decision A-68560. 21 July 1936).

e. *Effective dates of decisions.*

(1) *Application of decisions* See DoDFMR, Volume 5.

(2) *Change in existing practice* When an existing practice based on a former construction of law or regulation changes as a result of a decision, the decision applies to expenditures made before the decision date as well as those made after it unless it can be shown that the expense would not have occurred had it been known that credit would be disallowed (3 CG 966.)

f. *Reconsideration of decisions of a former Comptroller General.* The Comptroller General may not reconsider a final decision of a predecessor unless the reconsideration emanates from new and material evidence, correction of a mistake of fact, erroneous calculation, fraud, or collusion 116 CG 118 and 21 CG 244).

g. *Issues pending in U.S. Claims Court* The Comptroller General normally will not render an

advance decision on identical matters pending in the U.S. Claims Court.

h. *Informal opinions* Informal opinions of an officer or employee of GAO do not bind the Office of the Comptroller General in any matter that may come before it for official determination (4 CG 1024, 12 CG 207, 29 CG 335.)

#### **40-127. Notices of Exception**

a. *Form used.* GAO Form 1100 (Notice of Exception) is a formal notice by which GAO, for the reasons stated, withholds credit for the amount indicated or establishes a charge unless it receives a satisfactory reply or the cited amount promptly.

b. *Issuance and control.*

(1) *Issuance* GAO issues its Form 1100 when, as a result of the audit of documents processed by accountable DOs, transactions appear to be questionable, insufficiently substantiated, or improperly paid. During the conduct of this audit, GAO may request supporting data, documents, and information needed to establish the propriety of charges to or payments from public funds. This request may be by letter or GAO Form 3010 (Informal Inquiry). If the request is by GAO Form 3010, the Director, DFAS-IN, ATTN: DFAS-IN/FY, Indianapolis, IN 46249-1401 will receive it for necessary action. If DFAS-IN sends it to the accountable DO, use procedures for processing GAO Form 1100. Use the reverse of the form for replies. GAO issues Form 1100 if it doesn't receive a satisfactory reply within a reasonable time.

(2) *Control* Since an accountable DO may be required to repay from personal funds the amount for which credit is denied, give each GAO Form 1100 prompt, careful, and diligent attention. Keep a control register adequate to the needs of the office. The accountable DO or deputy should examine the register at least monthly to ensure prompt processing of the notices. Include in the register at least:

(a) Number and date of GAO Form 1100;

(b) Voucher number;

(c) Payee's name, and SSN if applicable;

(d) Amount of GAO Form 1100;

(e) Action taken and date; and

(f) Date reply to GAO Form 1100.

c. *Replies to notices of exception* Reply to GAO Forms 1100 on all copies in the space provided. The account holder signs the original and sends it and the second copy to the Director, DFAS-IN, ATTN: DFAS-IN/FY, Indianapolis, IN 46249-1401, which in turn sends acceptable replies to GAO. Obtain information and supporting documents to remove the exception expeditiously. Collect only when the account holder is satisfied that the exception cannot be removed by submitting additional information or evidence. In either case, send replies within 45 calendar days of receipt of GAO Form 1100. For replies pertaining to exceptions issued against payments to soldiers, see AR 37-104-3, part 7.

*d. Acknowledgment of reply by GAO* When an account holder requests a review, GAO sends a copy of Form 1100 indicating that the reply was satisfactory or that further action is necessary through DFAS-IN to the account holder. GAO sometimes issues a revised exception notice with the statement: "Reply dated (date) noted" instead of a copy showing that further action is required.

*e. Exceptions issued against payments to soldiers.*

(1) *Issuance of GAO Form 1100* GAO issues an original and five copies to DFAS-IN, which keeps one copy for administrative purposes and sends the original and four copies to the account holder paying the soldier.

(2) *Responsibility for removing exception* DFAS-IN or the account holder currently paying the soldier removes the exception by supplying the required information or documents, or by effecting collection. Completely examine available records on receipt of the original GAO Form 1100 in an effort to make a satisfactory reply to GAO. See AR 37-104-3, part 7, for procedures for processing notices of exception.

(3) *Returning GAO Form 1100 without action* When the account holder determines that the soldier has separated from the service, is deceased, retired, missing in action, etc., return all copies of GAO Form 1100 to the Director, DFAS-IN, ATTN: DFAS-IN/FY, Indianapolis, IN 46249-1401, clearly stating the reason for return.

*f. Exceptions issued against payments made to contractors.*

(1) *Processing exceptions* GAO sends Forms 1100 issued against payments made to contractors through DFAS-IN to the custodian of the retained records. Upon receipt of GAO Form 1100, the custodian furnishes missing documents, certificates, or information, and replies to GAO Form 1100.

(2) *Collection action required* If a satisfactory reply to GAO Form 1100 is not possible, the account holder recovers the amount involved by deducting it from amounts due the contractor. If collection by deduction is not possible, ask the contractor to send a check to liquidate the indebtedness. If collection is still not possible, refer to the FAR. If the contract financing officer places the indebtedness on the "List of Contractors Indebted to the United States," and it remains on the list for 6 months after receipt of GAO Form 1100, the DO prepares a separate log sheet (in duplicate for each voucher involved) and sends it to the Director, DFAS-IN, ATTN: DFAS-IN/FY, Indianapolis, IN 46249-1401. Include:

(a) Name of DO, voucher number, month, and year;  
(b) Chronological resume of efforts to clear GAO Form 1100; and

(c) As enclosures, copies (in duplicate) of pertinent correspondence and documents.

*g. Exceptions issued against payments made to civilian employees* GAO issues an original and four copies of GAO Form 1100 through DFAS-IN to the servicing DO at the employee's last known place of

employment. DFAS-IN keeps the fourth copy of the form for administrative purposes.

*h. Unadjusted balance.*

(1) *Issuance* If there is an unadjusted balance in a DO's accounts for one or more periods following an audit, GAO issues Form 366 (Certificate of Exceptions Outstanding). GAO issues this form only when there are exceptions outstanding against a DO's accounts and may be based on such things as improper or illegal payments, loss or shortage of public funds, or overdrafts. Each Form 366 lists vouchers and pay account items which remain disallowed. GAO does not issue certificate of settlement on in-balance accounts.

(2) *Distribution* GAO sends DFAS-IN an original and two copies of Form 366. DFAS-IN annotates it to show the current status of each Form 1100 listed; sends the original to the DO concerned and one copy to each of the retained records custodians; and keeps the remaining copies for administrative purposes.

(3) *Responsibility for removing difference* Each item on GAO Form 366 represents an amount that the DO may have to reimburse the Government. Do not collect based on receiving Form 366. DFAS-IN collects on all out-of-service GAO Forms 1100. It also controls in-service Forms 1100 and sends them for collection to the servicing DO; it sends Forms 1100 against payments to contractors to the retained records custodian for processing and reply.

(4) *Request for collection* Issuing a request for collection of the amount disallowed by Form 1100 does not relieve the DO of responsibility until the collection occurs.

(5) *Collection action by GAO* GAO assistance toward collection does not affect the DO's liability. The finance officer is liable and may have to reimburse the U.S. for the erroneous Payment until collection occurs.

*i. Claim by DO for refund* Refunding an amount disallowed before appealing to the Comptroller General for a revision of the disallowance automatically bars the DO's right of appeal. The DO may, however, file a claim, through DFAS-IN with GAO for the amount refunded. If the claim is disallowed, he or she may appeal through DFAS-IN to the Comptroller General for revision of the disallowance.

#### **40-128. Settlement of Claims Against the United States**

*a. Payment of judgments against the United States.* GAO settle all court judgments against the U.S. Department or agency appropriations or funds for the operations of activities from which the causes of the action arise may not be used to pay judgments without specific authorization. See 28 USC 2414 and Comptroller General decisions B-52600 and B-97131, 7 May 1952.

*b. Time limits on filing claims for net proceeds of lost, abandoned, or unclaimed personal property.* Advise rightful owners, their heirs, next of kin, or legal representatives to file claims for net proceeds from lost, abandoned, or unclaimed personal property disposed of by the Army under 10 USC 2575 with the Director, DFAS-IN, ATTN: DFAS-IN/GL, Indianapolis, IN 46249-0160, before 1 year after property disposal. Between 1 and 5 years after property disposal, advise them to file claims with GAO. Neither the courts nor GAO may act on claims not filed within 5 years. See Defense Disposal Manual (DoD 4160.21-M).

*c. Payment of claims for refunds.*

(1) *Claims other than commercial.* If a payee has refunded an amount paid because of an investigation by GAO or DA, send a claim for repayment through the Director, DFAS-IN, ATTN: DFAS-IN/FY, Indianapolis, IN 46249-1401 to Claims Division, USGAO, Washington, DC 20548 for direct settlement. Include a corrected voucher, statement of facts surrounding the claim, and reference to the original payment.

(2) *Claims pertaining to commercial accounts.* Process claims for refunds of amounts paid due to an investigation by GAO or DA per subparagraph *k*, below.

(3) *Claims for refund of proceeds of sales erroneously collected and deposited.* For an amount erroneously collected and subsequently deposited to the Treasury as a miscellaneous receipt, send a claim for refund and a photocopy or certified true copy of the collection voucher by which the collection was taken into the Army's accounts to the Director, DFAS-IN, ATTN: DFAS-IN/GL, Indianapolis, IN 46249-0160. If a copy of the collection voucher is not available, furnish enough information to enable DFAS-IN to locate and prepare the necessary copy for submission to GAO's Claims Division.

(4) *Other claims for refunds.* Send claims for refund of amounts previously collected and applied to a general, special, or trust fund receipt account that cannot be settled locally to the Director, DFAS-IN, ATTN: DFAS-IN/FY, Indianapolis, IN 46249-1401 with the information in *c*, above.

*d. Request for review of claims.* Claimants advised by GAO of unfavorable action or allowance of a lesser sum than demanded may appeal to the Comptroller General for review. The claimant or his or her authorized agent must request the review, rather than the administrative office concerned (22 CG 821).

*e. Settlement in individual cases not controlling as to other claims.* A settlement of an individual claim by GAO does not necessarily control the disposition of any other claim, nor is it a precedent stating a rule of law for the general guidance of the administrative officers of the Government (17 CG 445, 18 CG 609, 20 CG 403, and 23 CG 310).

*f. Retention of papers by GAO.* The Comptroller General is authorized to keep papers submitted with claims when he or she so desires.

*g. Avoidance of duplicate settlements.* When a voucher is transmitted to GAO for direct settlement, attach a statement certifying that no action was or will be taken toward payment of the claim (CG Decision A-64794, 1 October 1935).

*h. Revision of claims settlements.* DOs may not pay vouchers that revise a GAO settlement. These revisions are for GAO action only. (14 CG 572).

*i. Soldiers' and former soldiers' claims.*

(1) *Claims due to correction of records.* Send claims for military pay and allowances believed due as a result of action by the Army Board for the Correction of Military Records per AR 15-185 (Army Board for Correction of Military Records) to the Director, DFAS-IN, ATTN: DFAS-IN/FY, Indianapolis, IN 46249-1401. See AR 15-185, sec VII.

(2) *Pay and allowances.* Process military pay and allowances claims, except those in *c*, above, per AR 37-104-3, paragraph 41001.

(3) *Travel and transportation allowances.* Process travel and transportation allowances claims per Chapter 39 and AR 55-71 (Transportation of Personal Property and Related Services).

*j. Civilian employees' claims.*

(1) *Pay and allowances.* Process claims for amounts allegedly due civilian employees or former employees, including those deceased or mentally incompetent, per AR 37-105 (Civilian Pay Procedures), Chapter 19.

(2) *Travel claims.* The DO servicing the last employing installation settles civilian employees' travel claims. Process doubtful claims per chapter 39.

(3) *Claims for shipment of household goods.* Process claims for reimbursement of costs incurred for shipping household goods per Chapter 39.

*k. Commercial accounts claims.* Process claims pertaining to commercial accounts that cannot be settled locally because of a question of law or fact per Chapter 20.

*l. Claims of foreign governments or nationals.* Process doubtful claims from foreign governments or nationals per sub-paragraph *k*, above.

*m. Claims pertaining to moneys of individuals whose whereabouts are unknown and moneys erroneously received and recovered.* Submit claims against the following accounts, except those pertaining to amounts due under contract with the Pacific Maritime Commission, to the Director, DFAS-IN, ATTN: DFAS-IN/GL, Indianapolis, IN 46249-0160:

(1) Account 21X1807 (Refund of Moneys Erroneously Received and Covered).

(2) Account 20X6133 (Payment of Unclaimed Moneys). Send claims for amounts due under contract with the Pacific Maritime Commission, with all supporting documents, to the Director, DFAS-IN,

ATTN: DFAS-IN/GL, Indianapolis, IN 46249-0160 for adjudication and approval.

## **Section XXII**

### **Contingency Funds of the Secretary of the Army**

#### **40-129. General**

Contingency funds available to the Secretary of the Army (SA) pay for emergency and extraordinary expenses, the details of which cannot be disclosed without jeopardizing a mission or being prejudicial to the public interest. These funds are appropriated annually in the Operation and Maintenance, Army (OMA). This chapter applies to disbursements supporting the contingencies program.

#### **40-130. Approval of the Annual Program for Contingencies**

SA approval of the annual program for contingencies approves expenditures pertaining to the program. The Assistant Secretary of the Army (Financial Management) (ASAFM&C) provides memorandum authority to spend such funds to each affected operating agency each fiscal year. At least 2 photocopies of the authorizing memo-randum must accompany each allotment of funds.

#### **40-131. Categories of Contingency Funds**

*a. Representation funds (limitation .0012)* Unless otherwise approved by the SA or designee, commanders use representation funds only for official entertainment or other official purposes authorized by Contingency Funds of the Secretary of the Army (AR 37-47).

*b. Miscellaneous expenses (limitation .0014)* For miscellaneous expenses, other than official representation, not provided for in other appropriations. See Use of Contingency Limitation .0015 Funds for Criminal Investigative Activities (AR 37-47).

*c. Criminal investigation activities (limitation .0015).* To support activities of the U. S. Army Criminal Investigation Command. See AR 195-4.

*d. Intelligence contingency funds (limitation .0017).* To support worldwide intelligence activities.

#### **40-132. Appointment of Custodians, Agent Officers and Certifying and Approving Officers**

Commanders or heads of agencies appoint, in writing, contingency fund custodians for limitations .0012, .0014, and .0015. Agent officers may be appointed, per chapter 3, for limitations .0015 and .0017. Also, commanders must appoint separate certifying and approving officers (CAO) for all limitations. Provide these appointment documents to the servicing DO accompanied by a properly executed and authenticated Signature Card (DD Form 577). For specific responsibilities of custodians and CAOs see AR 37-47 for limitations .0012 and

.0014, AR 195-4 for limitation .0015, and Provisions for Administration, Supervision Control & Use of Intelligence Contingency Funds (AR 381-141 (C)) for limitation .0017.

#### **40-133. Payment Vouchers**

##### *a. Forms used.*

(1) *Limitations .0012 and .0014* Use an unclassified SF 1034, precertified by the Commander or CAO designee.

(2) *Limitations .0015 and .0017* Use unclassified DD Forms 281 (Voucher for Emergency or Extraordinary Expenses) and 281a, precertified by CAOs.

(3) The DO accepts and pays these precertified and approved vouchers after verification against the appropriate signature card.

##### *b. Supporting documents*

(1) Two copies of the annual ASAFM&C memorandum must accompany the first voucher submitted for payment for each limitation each fiscal year. Subsequent vouchers must include a statement that the memorandum was attached to the original voucher as follows: "Authority for expenditure of contingency funds under OMA, FY (year) filed with DOV (number), accounts of (finance officer's rank and name), symbol (DSSN)".

(2) Fund custodians (limitations .0012, .0014, and .0015) or agents (limitation .0017) keep other supporting documents (invoices, event approvals, etc.). They need not be submitted to the DO.

*c. Pecuniary liability* Contingency fund vouchers are precertified by CAOs who must determine correctness of the voucher, propriety of the payment, and availability of funds. CAOs may be held pecuniarily liable for deficiencies subsequently noted during audits or inspections.

#### **40-134. Distribution of Paid Vouchers**

In addition to the normal distribution of paid vouchers per paragraph 40-71:

*a. Limitations .0012 and .0014* Send a duplicate SF 1034 to the CAO for retention by the fund custodian.

*b. Limitation .0015* Send a duplicate DD Form 281 a to the CAO for retention by the fund custodian, and another copy to the Commander, U.S. Army Criminal investigation Command, ATTN: CIAC-PB.

*c. Limitation .0017* Send a duplicate DD Form 281a to the CAO for retention by the contingency fund agent, and another copy to HQDA (DAMI-PBM), Washington, DC 20310-1030

#### **40-135. Examinations, Audits, and/or Inspections**

*a. Heads of Army staff agencies and MACOMs* review vouchers and supporting documents for adherence to regulatory requirements.

*b. The Auditor General of the Army* has overall responsibility for worldwide audit of all contingency fund accounts (all limitations).

c. The Special Review Office (SRO), U.S. Army Finance Command (USAFINCOM) performs examination functions of classified vouchers processed by DFAS-IN-affiliated offices.

## **Section XXIII**

### **Secret and Confidential Vouchers (Other Than Contingency Funds)**

#### **40-136. Control of Vouchers and Supporting Documents**

a. *General.* Processing SECRET and CONFIDENTIAL vouchers requires special handling. DOs must ensure that only properly cleared personnel have access to classified payments. A separate working area, when possible, should be available to personnel working with classified payments to preclude compromise of protected information. Limit access to classified payments to the minimum number of cleared personnel necessary to maintain adequate separation of duties and internal controls. Mark all copies of classified vouchers paid per this section "SECRET" or "CONFIDENTIAL," as appropriate, and annotate them to show the appropriate classification authority per AR 380-5 (Department of the Army Information Security Program), paragraphs 4-103 and 4-104. Store and safeguard them per AR 380-5 and other local implementing directives. If doubt exists regarding the proper classification, storage, and safeguarding of classified vouchers and supporting documents, contact the local command security manager for assistance. See also paragraph 40-140.

b. *Classification removal.*

(1) *Before payment.* When DOs receive vouchers and supporting papers classified as "SECRET" or "CONFIDENTIAL" and it appears that the need for the classification no longer exists, refer the case to the classification authority for regrading per AR 380-5. Process vouchers and documents regraded UNCLASSIFIED before payment per Section XIII.

(2) *After payment.* If vouchers and documents are regraded unclassified after the payment and processing through the accounts, attach a copy of the regrading authority to the retained copies of vouchers and documents and send a copy of the regrading authority by transmittal letter to the Director, DFAS-IN, ATTN: DFAS-IN/BE, 8899 East 56th Street, Indianapolis, IN 46249-0406. Include on the transmittal a complete identification of the previously classified voucher (i.e., DOV number, date, DSSN, DO's name and rank) to which the regrading authority pertains. DFAS-IN may then remove the previously classified vouchers and documents, attached to corresponding dummy voucher previously processed, from the classified storage facility and file them with the regular unclassified paying DO's retained copies.

#### **40-137. Payment Vouchers**

a. *Forms used.* For other than contingency funds (Section XXII), use regular vouchers (e.g., SF 1034, DD Form 1351-2, etc.) for SECRET or CONFIDENTIAL payments, and mark the vouchers with the same security classification as the most highly classified subvoucher or supporting document.

b. *Dummy vouchers.*

(1) *Preparation.* Properly cleared DO personnel prepare UNCLASSIFIED dummy vouchers (e.g., Dummy DD Form 1351-2, SF 1034, etc.) for all SECRET or CONFIDENTIAL payments. Use these instead of the official classified vouchers for accounting and reporting purposes. These vouchers must include notation that the original classified voucher was mailed directly to the Director, DFAS-IN, ATTN: DFAS-IN/BE, 8899 East 56th Street, Indianapolis, IN 46249-0406 on (date), citing:

- (a) DOV number,
- (b) DO's name,
- (c) DSSN,
- (d) Address of the station (except when classified),
- (e) Date of payment (day/month/year),
- (f) Contract or travel order number,
- (g) Amount paid, whether by check or cash,
- (h) Proper accounting classification, and
- (i) Fiscal station number.

(2) *Distribution.* Send the original unclassified dummy voucher to the Director, DFAS-IN, ATTN: DFAS-IN/BAB, 8899 East 56th Street, Indianapolis, IN 46249-0401 with the regular original money account papers instead of the classified voucher. File the duplicate dummy voucher with the DO's retained files; the triplicate for fiscal accounting purposes and dispose of it per accounting regulations.

(3) *Listing on DD Form 2666 (Transmittal of Statements and Vouchers).* Prepare DD Form 2666; when dummy vouchers are included in the money account papers, place:

- (a) "(Number of) dummy vouchers included" on the front in the DISBURSEMENT block at the bottom of the page where voided numbers are listed, and
- (b) The heading, "Dummy Vouchers" approximately half way down on the reverse of the form; below this heading list in columnar format the type of payment, voucher number, and amount paid for each dummy voucher.

#### **40-138. Disposition of Classified Vouchers and Supporting Documents**

Send SECRET and CONFIDENTIAL vouchers and supporting documents directly to the Director, DFAS-IN, ATTN: DFAS-IN/BE, 8899 East 56th Street, Indianapolis, IN 46249-0406. List the original voucher and supporting documents on DA Form 3964 (Classified Document Accountability Record) and send it under two separate covers. Mark the inside cover "SECRET" or "CONFIDENTIAL" per AR 380-5, paragraphs 4-200, 8-201, and 8-202d. See also AR 380-5, paragraphs 4-308 and 4-503 for applicability of other restrictive markings. Retain the



duplicate vouchers and supporting documents with the DO retained accounts. Coordinate the storage and protection of these with the local command central classified storage facility. Retain these for the same period as other retained copies per AR 25-400-2. Retain copies of dummy vouchers in the unclassified retained accounts files.

#### **40-139. Destruction of Classified Vouchers and Supporting Documentation**

If there is danger of retained classified vouchers and supporting papers falling into enemy hands, destroy them after examination and on witnessing by a disinterested officer appointed by the allottee of the funds or designee who states that destruction is necessary. See AR 380-5. Substitute this statement for the retained classified vouchers and documents destroyed.

#### **40-140. Examination and Audit of Classified Vouchers**

a. Dummy vouchers. DFAS-IN examines dummy vouchers under the normal examination program specified in Army Finance and Accounting Quality Assurance Program (AR 11-37).

b. Classified vouchers. Specially cleared personnel examine and audit classified vouchers and associated documents per AR 11-37. These personnel may issue pay adjustment authorizations and/or DD Forms 1611 to process collections and other adjustments per existing procedures. DOs correct noted deficiencies promptly.

c. Improper, incorrect, and/or illegal payments. Process payments that cannot be collected from payees per paragraph 40-44.

#### **40-141. Top Secret Vouchers**

On receipt of top secret vouchers, contact USAFINCOM's Special Review Office (SRO) (DSN 699-2833 or commercial 317-542-2833) for instructions.

#### **40-142. Special Mission Funds (SMF)**

a. *General.* AR 37-64 (Finance and accounting for Special Mission Funds) prescribes policies and procedures pertinent to activities of DOs who recognize the need to use unique disbursing procedures to support sensitive operations including U.S. Army elements. Use SMF procedures only when operational security requires the ability to conceal payee, payer, or purpose of the payment. Use of SMF procedures requires USAFINCOM approval.

b. *Policies.*

(1) Use SMF procedures only if processing classified payments under section XXIII will not provide the security necessary to preclude compromise of certain sensitive operations, but don't use them if procedures in AR 195-4 or AR 381-141(C) are proper for the purpose of the operation or the types of transactions involved (section XXII).

(2) Use SMF procedures only for projects supported by a Letter of Authorization (LOA) with the concurrence of the ASAFM&C and approval by the Vice Chief of Staff, Army (VCSA).

c. *Records, forms, and certifications required.* See AR 37-64.

d. *Restrictions.*

(1) Currently, only 1 DFAS-IN-affiliated DO may use SMF procedures. DOs recognizing the need to use SMF procedures must send a fully-justified request for approval through command channels to the Commander, USAFINCOM, ATTN: SFFM-FC-SR for concurrence and staffing with the VCSA for approval. If approved, USAFINCOM provides the DO a copy of AR 37-64(C) and other necessary guidance before implementation.

(2) DOs who receive authorization to use SMF procedures must be placed under the guidance and control of the supported organization's DCSRM. Exceptions to this require USAFINCOM approval.

e. *Examination, inspection, and audit of SMF.* Based on a memorandum of understanding (MOU), specifically designated and cleared USAFINCOM personnel examine, inspect, and/or audit SMF operations of DFAS-IN-affiliated activities quarterly, and advise the VCSA of their results. The DAIG, Director, Technology Management Office, OCSA, and/or Army Audit Agency perform other examinations, inspections, and/or audits as specified in AR 37-64(C).

f. *Other classified disbursing support.* DOs operating under SMF procedures may not provide other classified disbursing support not otherwise covered above without written authorization from the ASAFM&C. DOs asked to provide such other classified support refer requestors (DoD components or other Federal agencies) to the Commander, USAFINCOM, ATTN: SFFM-FC-SR for consideration.



**Table 40-1. Civilian Employee Disbursing Officer and Principal Deputy Eligibility Requirements**

Function	Training		Experience
	Residence Courses	Correspondence Courses	
Accounting	Army Mgt Acctg & Analysis (AMAAC)		6 months, or 3 months plus ICRC
	Military Accounting (MAC)		4 months, or 2 months plus ICRC*
	AMAAC and MAC		2 weeks & ICRC
Disbursing	Disbursing Management		3 months, or 2 months & ICRC
		Disbursing Operations I - III	3 months, or 2 months & ICRC
	Disbursing Management	Disbursing Operations I - III	1 month, or 2 weeks & ICRC
Military Pay	Joint Service Pay Operations Course		4 months, or 2 weeks & ICRC
		Finance Specialist	4 months, or 2 weeks & ICRC
	Joint Service Pay Operations Course	Finance Specialist	2 months, or 2 weeks & ICRC
Civilian Pay	Civilian Pay Management		2 months, or 1 month plus ICRC
		Intro to Proc Civ Pay Acts, & Civ Pay Procs & Entitlements	2 months, or 1 month & ICRC
	Civilian Pay Management	Intro to Proc Civ Pay Acts, & Civ Pay Procs & Entitlements	2 weeks & ICRC
Travel			3 months as Travel Supervisor
	Travel Clerk		1 month
		Verifying Travel Vouchers	1 month
	Travel Clerk	Verifying Travel Vouchers	2 weeks & ICRC
Accounts Payable	Commercial Accounts Administration		2 months, or 1 month & ICRC
		Commercial Accounts	2 months, or 1 month & ICRC
	Comml Accts Admin	Commercial Accounts	2 weeks & ICRC
All Candidates		Internal Review	
* ICRC - Internal Control Review Checklists			

FMS DAILY ADVICE OF STATUS FOR 21-00-6335 AS OF 01/02/**			
AGENCY REFERENCE		PAYEE ID NO. 114441144	
CHECK SYMBOL 6335	CHECK SERIAL 00267770	CHECK DATE 12/141* *	CHECK AMOUNT \$537.72
PAYEE NAME AND ADDRESS TOMMY THOMAS C/O NORINE THOMAS US ARMY MED DEPT ACTIVITY REDSTONE ARSENAL AL 35809		AMOUNT TO BE RECLAIMED \$537.72 DATE OF DEATH NAME OF DECEDENT	
STOP REASON CODE A- RECERTIFIED STATUS CODE 32 - OUTSTANDING-CHECK CANCELED; AGENCY CREDIT TO FOLLOW			

Figure 40-1. Daily Advice of Status